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Editorial Notes.

The Late Mr. G. K. Devadhar.

The co-operative movement in India has suffered an irreparable loss by the death of Mr. G. K. Devadhar, C.I.E., at Bombay on the 17th November last. Mr. Devadhar was one of the three young men with whom the late Mr. G. K. Gokhale started thirty years ago the now well-known Servants of India Society, whose members pledge themselves to serve the country for life in a religious spirit, being content for the maintenance of themselves and their families with such provision as the Society is able to make. A born social worker, Mr. Devadhar chose the field of co-operation and the amelioration of women as his special spheres of activity. From the passing of the Co-operative Societies Act in 1904 upto his death he was one of the most devoted workers in the cause of co-operation. Quite early he organised the Hadapsar Co-operative Society near Poona and made it the best known society in the Deccan. He then started a number of Debt Redemption Societies at Bombay with the object of rescuing municipal employees and factory workers from the clutches of the professional money-lenders. Thrift and group life insurance were made the special features of these societies. They worked very well for some time, but later failed to come up to expectations as Mr. Devadhar was unable to give them the personal

attention that he gave in the earlier days. He was prominently connected with the Bombay Provincial Co-operative Institute of which he was Vice-President for a number of years and also with the Bombay Provincial Co-operative Bank of which he was a Director till the end. He visited Europe and studied the co-operative movement in England and Denmark. He took a keen interest in rural reconstruction, was the President of the Deccan Agricultural Association, started a rural reconstruction centre at Khed-Shivapur and looked after it, and convened several conferences for promoting rural welfare. During the Moplah rebellion of 1921 he organised relief for its victims on a large scale, and with the balance of funds collected for relief established the Malabar Reconstruction Trust, with the object of promoting friendly relations between the Moplahs and the others and of working for the welfare of the rural population by means of co-operative societies, child welfare centres, adult education etc. The grateful people of Malabar insisted on his name being associated with the Trust and persuaded him to be its President, which he was throughout. He was a member of the Mysore and Madras Co-operative Enquiry Committees and President of the Travancore Co-operative Enquiry Committee which published its report last year. At the request of the Government of Cochin he also conducted an enquiry into the state of the co-operative movement there, but ill-health and death overtook him before he could submit his report. He was a member of the Imperial Council of Agricultural Research where he did notable service to the cocoanut growers of the West Coast. He presided over many co-operative conferences, big and small, among them being the Madras and U. P. Provincial Conferences. He was thus one of the oldest and most active leaders of the co-operative movement in India, whose name deserves to be written in letters of gold in its history.

He was the head of the Servants of India Society from 1927 onwards. Inspired by his example, several younger members of that Society are devoting themselves to the spread of the co-operative movement and to rural welfare work in different parts of the country. The Poona Seva Sadan Society, which he founded 25 years ago jointly with Mrs. Ramabai Ranade, wife of the great Judge and reformer, and of which he was General Secretary throughout, is a monument of his genius, providing as it does vocational instruction in various lines and training in social service for women and girls, of whom nearly 2,000 are at present taking advantage of the facilities created

by the parent institution and its twenty branches. His life is a shining example in devotion to social service, which we wish should be followed widely by our young men.

The Madras Provincial Co-operative Bank.

At the meeting of the Board of Directors of the Madras Provincial Co-operative Bank held on the 2nd November last, Mr. V. Ramadas Pantulu was re-elected President and Mr. K. Bhashyam Aiyangar Vice-President. This is the fourth term in succession for which Mr. Ramadas Pantulu has been chosen President. We congratulate the Directors on having done so unanimously. Not only does he hold a unique position in the co-operative movement in India, as President of both the All-India Provincial Banks' Association and the All-India Provincial Institutes' Association, but he also possesses courage coupled with caution, which quality is specially needed at present in the head of the highest co-operative financial institution of the province. The balance sheet of the Bank as on 30th June last shows that out of its resources amounting to about Rs. 190 lakhs, more than Rs. 142 lakhs was invested in Government securities and less than Rs. 32 lakhs was utilised by co-operative institutions. Vision and courage, no doubt tempered with caution born of experience, are needed for making the vast unused resources of the Bank fruitful in new fields of credit and non-credit co-operative activities. Mr. Ramadas Pantulu has been pointing out from time to time in his speeches and writings the most promising directions in which this could be done, such as the co-operative marketing of agricultural produce etc., and some spade work has also been done already. We are therefore glad that he has been given the opportunity to continue and develop that policy and that he has the assistance and support of Mr. Bhashyam Aiyangar than whom a more ardent lover of *swadeshi* is not to be found either inside or outside the ranks of co-operators. In the Executive Committee there has been an almost complete change of personnel, the most notable accession being Mr. T. R. Venkatarama Sastri, C.I.E., and the most notable loss Diwan Bahadur T. A. Ramalingam Chettiar. But as a whole the Committee is as able and strong as any of its predecessors.

We take this opportunity to express our grateful thanks to the Bank for having given to the Provincial Co-operative Union its usual generous grant from the Common Good Fund to enable the latter to carry out its objects of education and propaganda and to continue the

several rural reconstruction centres, which are now recognised as a distinctive feature of the co-operative movement in our province. The institutions which in other provinces correspond to our Provincial Co-operative Union get liberal grants from their respective Governments to enable them to function efficiently; but here no such grants are made, and but for the support of the Provincial Bank there is no doubt that the Union's usefulness would have been very much curtailed. Some other deserving educational institutions like the Seva Sadan and the Ramakrishna Students' Home also are helped by the Bank from its Common Good Fund. We are not sure that other provincial banks have instituted the Common Good Fund. To them we should heartily commend the example of the Madras Provincial Co-operative Bank.

The Sixth Land Mortgage Banks' Conference.

We have every reason to be gratified with the success of our land mortgage banks, in respect of which our province is admittedly the leading one in the country. Co-operators all over the country will therefore no doubt read with special interest the admirable speeches of Sir M. Ramachandra Rao and the Chief Minister, delivered on the occasion of the recent conference of land mortgage banks and published elsewhere in this number. Sir Ramachandra Rao—whom the conference cheered on having recovered sufficiently from his recent serious illness to be able to be in their midst but whose speech had to be read by Diwan Bahadur T. A. Ramalingam Chettiar—explained that the debentures of the Central Land Mortgage Bank were steadily increasing in popularity, that at present the value of those in force was more than Rs. 50 lakhs, that well established insurance companies like the Oriental had begun to invest their funds in them, that the older series bearing interest from $6\frac{1}{2}$ to 5 per cent were withdrawn and in their place those bearing 4 and $3\frac{1}{2}$ per cent had been issued, that the benefit of this lower rate of interest had been promptly passed on to the ultimate borrower who now paid 6 per cent on his borrowings instead of $8\frac{1}{2}$ per cent formerly, that the Legislature had been pleased to raise the Government's guarantee of the debentures from Rs. 50 lakhs to Rs. 100 lakhs, that the investment in these debentures of one-fourth of the provident fund collections and one-sixth of the railway cess fund of local boards had been permitted and that the primary land mortgage banks were in no arrears either of principal or interest to the Central Land Mortgage Bank. Sir Ramachandra Rao added that the land

mortgage banks would like to reduce the interest for the ultimate borrower further and make loans available for him at the same rate as Government was making under the Agricultural Loans Act viz., $5\frac{1}{2}$ per cent, but that could not be done if the Government did not reconsider its decision to levy a contribution from the Central Land Mortgage Bank for meeting the cost of the special staff appointed to investigate into the loan applications. As he pointed out, this staff is necessary not only in the interests of the Central Land Mortgage Bank but also of the primary banks and of the Government itself which has guaranteed the debentures. This formed also the subject of the most important resolution passed at the conference. In addition to objecting to the levy on principle, the conference urged that the reserve fund of the Bank was exceedingly small compared with its transactions and that therefore the Bank should be permitted to carry to the reserve fund the amount fixed by Government as contribution towards the cost of the special staff. This is an eminently reasonable request and we hope the Government, on whose behalf the Chief Minister assured the conference of every sympathy, will accede to it.

While the primary banks were not in arrear of principal or interest to the Central Bank, their members unfortunately were in arrear to the extent of about Rs. 50,000 under principal and about Rs. 8,000 under interest. The demand under the former being not more than Rs. 3 lakhs, the percentage of overdues comes to nearly 20. What makes the situation worse is that nearly 75 per cent of this amount is due from half a dozen primary banks. They are no doubt mostly the older ones, but that does not seem to be an adequate explanation; for among the oldest ones is Gudlavalleru which, though also one of the biggest primary banks, had no balance whatever due to it from its members; while the banks of Vadlamannadu and Kaikalur in the same area showed considerable arrears We hope these banks in arrears will be given whatever assistance they may need by the Government and the Central Land Mortgage Bank, for it is of the utmost importance that the habit of overdues should be eradicated.

The South India Co-operative Insurance Society.

The report of the Directors of this society and the speech of Mr. Ramadas Pantulu at its last general body meeting held on the 3rd November, published in this number, show clearly that the Society is making steady progress. Of special interest to co-operators should be the analysis of its policies according to their value given in Mr. Pantulu's speech. Out of 2,520 policies only 218 were for Rs. 2,000 and above, and 1,273 or rather more than half the policies, were for less than Rs. 1,000. This shows conclusively that the Society is serving the really poor man and to an extent which no commercial insurance company is doing or will care to do. That is enough justification

for the existence of the Society. While thankful for the help so far given by District Boards and the Co-operative Department, Mr. Ramadas pointed out it could well be much greater. We would go further. We think that non-official co-operators and co-operative institutions have not done as much for the Insurance Society as they ought to have done. The steady growth of its business and the care with which its expenses are kept down within the limits permitted by the by-laws should remove any doubts which might have been lurking in the minds of some co-operators about its success as a business concern. They should be glad to know that our Insurance Society has made greater progress than its sister institutions in Bombay and Calcutta. We hope that urban banks in particular will make greater efforts than hitherto to popularise among their members the advantages which the Society offers to the poorer sections of their members.

A Supervisors' Conference.

We should like to draw the attention of district banks to the proceedings of the Tinnevelly District Supervisors' Conference which is published in this number. Such conferences are of a business nature and have very great practical value. Though the Tinnevelly Conference was the first of its kind to be held in that district, such conferences have been held before in other districts such as South Kanara. The President of the Tinnevelly District Bank, Mr. M. Dalavoi Kumaraswami Mudaliar, who presided over the afternoon session of the conference, told the supervisors that the security of their tenure would depend entirely upon the efficiency of their collection work. He said :

> "Length of service, the fact of being permanent etc., *will not be given any weight.* The supervisor's usefulness only will be taken into account as evidenced from records. Chief and foremost will be, how they fared in collection work last year. Those who have done well will keep on to that recorded, those who did not should fast improve and should in reality be useful in the interests of the Bank. Each in his turn should do his best to discharge his duties willingly, sincerely and diligently, which alone will be the foundation to secure *his tenure* of appointment."

While we hold that efficiency should receive supreme consideration, we do not think it is synonymous with collections. Supervisors have other duties to perform than making collections—they are more than bill-collectors. Gross inefficiency may not be excused in an employee on the ground of his being in permanent service or the length of service. But at the same time these factors should be given some weight in deciding whether a supervisor or other employee should be sent out from service.

The Y.M.C.A. and Co-operation.

The Young Men's Christian Association in India, especially in South India, has always shown a proper appreciation of the co-operative movement. As for back as twenty years ago some of its Secretaries were sent for special training under the Department in this province. They organised a number of societies in rural areas. Under the leadership of the late Mr. K. T. Paul, the Y.M.C.A. took a prominent part in the organisation of the Christian Central Bank and it still continues to take a keen interest in its management. In its Rural Reconstruction Centres—in organising which the Y. M. C. A. was a pioneer—and in the curricula of the summer schools attached to these Centres, co-operation is given a very important place. It was therefore quite in keeping with this tradition that the central Y. M. C. A. at Esplanade, Madras, arranged a series of weekly talks for educated young men by experienced officials and non-official co-operators. The series was begun by Mr. Austin, I.C.S., Registrar of Co-operative Societies, who explained the principles of the movement and its main features in this province. He stressed political and religious neutrality and regretted the violation of political neutrality in some societies. He was followed by Mr. Ramadas Pantulu who explained the financial arrangements of the movement. While the societies are undoubtedly in difficulties owing to past mistakes and the economic depression, he sees no justification for the degree of pessimism which some people entertain. Diwan Bahadur K. Deivasikhamani Mudaliar, Joint Registrar, spoke on co-operative marketing; Mr. K. Bhashyam Aiyangar, Vice-President of the Provincial Bank, on the Agricultural Credit Department of the Reserve Bank; Mr. Giriappa, Deputy Registrar, on better living societies and Rao Bahadur C. Gopala Menon on land mortgage banks. In addition to attending these lectures the students were encouraged to study books on co-operation and allied subjects, of which a large number were made available to them from the library of the Provincial Co-operative Union. We trust that as a result of these talks some young men at least will be inspired to serve their country through the co-operative movement. We hope that other branches of the Y. M. C. A. and also other organisations, will follow the example of the Explanade Branch.

Debt Conciliation Boards in C. P.

In view of Diwan Bahadur T. A. Ramalingam Chettiar's Debt Conciliation Bill, which is now engaging the attention of our Legislative Council, the following extract from a recent press communique of the Government of the Central Provinces, regarding the work of Debt Conciliation Boards there, will be read with interest:—

> "Up to the end of August 1935, the Boards had conciliated debts amounting to Rs. 128·33 lakhs for Rs. 70·65 lakhs, thus effecting a remission of 44 per cent of the claims. Besides this,

certificates under Section 15 (1) of the Act, declaring that the creditors had unreasonably refused amicable settlement, had been issued in 2,108 cases for claims amounting to Rs. 23'94 lakhs. The creditors to whom these debts are owing will not be entitled to costs in suits for their recovery or to any interest after the date of the certificates in excess of simple interest at 6 per cent per annum, on the amount due on the date of the certificates. The instalments are fixed with due regard to the paying capacity of the debtors and no interest is allowed as a rule on the conciliated debts in future. Considering that conciliation can be made only by voluntary agreement of both the parties, the progress made so far can be considered satisfactory."

One of the most successful of these Boards was the one at Seoni which was constituted on the 15th July 1933 and the operations of which were closed on the 15th July 1935. In reviewing the report of its chairman, Rao Sahib N. R. Chandorkar, the C. P. Government point out that during its life of two years the Board received no fewer than 4,943 applications amounting to Rs. 89 97 lakhs. Of these 501 applications involving debts amounting to Rs. 15'98 lakhs were dismissed under section 7 (1) of the Debt Conciliation Act and 270 applications covering debts of Rs. 9'12 lakhs were dismissed under section 14 as no settlement could be arrived at with the creditors. In 2,784 cases conciliation was effected. The claims which amounted to Rs. 44'40 lakhs were settled for Rs. 25'75, resulting in a remission of 42 per cent of the demand. In 542 cases involving Rs. 5'99 lakhs, certificates were issued under section 15 (1) declaring that the creditors had unreasonably refused amicable settlement.

But the work of the Board was really much more than is indicated by the figures given above. In the case of big mortgage loans the scheme of equated payments was not found suitable, but what was found suitable was the transfer of a portion of the mortgaged property. Such settlement was effected in 70 per cent of the mortgage debts, but it was done "unofficially," so to speak. There were also some cases in which more than Rs 25,000 was involved, which were conciliated by the chairman informally. In all places the activities of the Boards have stimulated private conciliation of debts. The review states with satisfaction that the operations of the Boards have not resulted in any appreciable restriction of agricultural credit for current needs. The C. P. Government recognise that the success of the Board was due largely 'to the unselfish sacrifice of time and trouble which its members made ungrudingly.' the Boards are constituted with suitable personnel, we ma tly expect them to prove successful in ur province also.

A Trustee Bank for Clearance of Debts.

An Experiment to deal with members of Co-operative Credit Societies.

BY MR. V. RAMADAS PANTULU.

The following resolution, which was moved by Dr. B. Pattabhi Seetharamiah, was adopted by the 21st Session of the Madras Provincial Co-operative Conference held in September 1935 :—

"The Conference resolves that steps should be taken to organise a Trustee Bank either jointly or as a branch of the Madras Provincial Co-operative Bank or the Madras Co-operative Central Land Mortgage Bank in order to help in the relief of rural indebtedness."

He explained the object of the Trustee Bank advocated by him in these words: "The object of the Bank should be to finance a series of Trusts, each of which is managed by a Trustee. The Trustee should be empowered to settle the liabilities of the Trust. He can borrow money at easy rates from the Trustee Bank and repay the creditors on favourable terms. He can sell the property of the Trust at leisure and repay the Bank in full. All this may not take longer than two or three years, sometimes four years, so that theoretically a four years' deposit may serve the needs of the Trust. But as the bank is intended to help in the operations of the affairs of a series of Trusts it may be reasonable to say that the Bank should receive fixed deposits for a term of ten years or float debentures to be redeemed after a period of ten years or earlier at the pleasure of the bank; and the rest of the operations will but closely follow the steps and stages that are met with in respect of land mortgage banks of the day. The debentures will be supported by the indentures and later will be transferred to the Trustee and the Trustee holds the indentures as the guarantee for the debentures."

The idea is a simple one, though its financial and other implications are very complex. We come across numerous cases in daily life of debtors who have sufficient assets to pay their debts and still to save a portion of their properties from their creditors but are unable to do so, owing partly to their inability to manage their affairs in a business like way by disposing of their properties in the most advantageous manner and partly on account of absence of credit facilities

to them even if they have the business capacity and aptitude to deal with the situation. So, if some one with business capacity and who can also command credit in the market is entrusted with the affairs of such a debtor, with directions to so administer the estate of the debtor as to pay the debts of the latter and to save for him as much as possible, many a debtor can be helped. Two agencies are necessary in order to work such a scheme, *Firstly*, there must be a Trustee forthcoming to take a trust deed from the debtor for the administration of his assets. The Trustee will become the legal owner of the properties of the debtor and he will have full powers under the law to sell, mortgage or otherwise dispose of the property in order to raise the requisite funds to pay the debts. Whatever remains of such funds will of course go back to the debtor. The second agency that should be forthcoming is a bank or some other kind of credit organisation, which will finance the Trustee, so that he may discharge the debts without waiting for the disposal of the whole property, for an immediate disposal of the properties may not be possible and the creditors may not be willing to wait till the Trustee disposes of the properties in a favourable market to the best advantage of the debtor. The interim period is a very critical one, and if the Trustee is financed by some agency on the security of the properties vested in him under the trust deed, he can certainly do a great deal to benefit the debtor and to save some property for him.

It may not be very difficult to find suitable persons to act as such Trustees, for such services will not ordinarily be honorary but will normally be remunerated either by commission at a certain percentage of the sale proceeds or on some other basis. The more difficult question that remains to be solved is to find the agency which will be forthcoming to finance these Trustees. Dr. Pattabhi Seetharamaiah says that it must be a *bank* and most people will agree with him. But what kind of bank is it to be? It may be a commercial bank or a co-operative bank. Such a bank when formed will be equally useful whether as an adjunct of a statutory debt conciliation scheme or as a help to private Trustees. It can raise its funds partly by share capital and partly by deposits or debentures backed by the mortgages of the debtors' properties, which are vested in the Trustee and transferred as security by suitable modes of conveyance to the bank.

The Provincial Co-operative Conference accepted this resolution with considerable scepticism about the feasibility of the scheme,

and charged the Executive Committee of the Provincial Co-operative Union with the duty of working out the details of the scheme and eliciting co-operate opinion, after the scheme is reduced to a concrete form.

A situation has now arisen within the Co-operative Movement itself, which in my opinion, gives some scope for an experiment of this sort being started at least in the very limited sphere of Co-operative Debtors, leaving the more difficult question of other classes of debtors to wait till we watch the result of our experiment in our societies. From the statistics available so far with regard to the purchase of lands of their members by co-operative primary credit societies in this province in discharge of the debts due to such societies, it appears that about 8,000 acres of agricultural land (5,500 acres dry and 2,500 acres wet) have been so purchased by such societies in this Province. The total amount for which these lands are purchased is in the neighbourhood of Rs. 12 lakhs* Members of Co-operative Societies who were unable to discharge their obligations to the societies have thus lost a fairly large extent of their lands. In many of these cases, the sales should have been of a forced nature and would not have fetched their proper or normal prices. I think we may begin with an experiment wherein we may administer these purchased estates of the credit societies for the benefit of the indebted members who have lost the lands. If a Trustee is appointed for each contiguous group of village in which the credit societies have purchased such lands, he can explore avenues for re-selling the lands at their proper price and thereby either save a portion of the lands for the debtor or secure to him the surplus of the sale proceeds after meeting the society's debt and other debts if any. Cases of debtors who cannot be helped in this manner and whose indebtedness exceeds the value of the assets, including the lands purchased by the credit societies, will have necessarily to be excluded from the scheme. I think some substantial help can be rendered to a certain percentage of the members of the credit societies whose lands were thus sold in discharge of the society's debts by this method. The trustees thus appointed will be local men with business capacity and integrity. I believe that they will be forthcoming to serve in that capacity for a reasonable remuneration for their labour. These trustees, unlike those who are appointed by debtors, whose properties

*These figures exclude the lands purchased by liquidated societies and central banks. But their extent and value are comparatively small.

have not yet been sold, cannot obtain a legal title to the properties by any trust deed executed by the debtor, for the latter's title has already passed to the creditor-societies by purchase by the latter. So, the societies and the debtors must combine in executing the trust deeds to enable the trustees to get into possession and management of these lands and to clothe them with legal title to deal with them. This is matter of conveyance and legal procedure which can be settled with the help of expert advice. The Society's rights of ownership will of course be duly safeguarded in cases where the trusts are not wholly or partly executed and their right to have priority over other creditors in regard to the proceeds realised on re-sale of lands will also be fully secured.

The question is who will finance such trustees in the interval of the time taken for re-sale or other manner of disposal of the properties vested in him under the several trust deeds as stated above, and the realisation of the values of the properties or portions of them in the course of the administration. Confining the scheme to debts due to credit societies, I can think of only three alternatives: (1) The Co-operative Céntral Bank in the area in which such lands are situated may find funds, depending if necessary partially on loans from the Provincial Bank for the purpose. (2) The Provincial Bank may itself directly undertake to finance the scheme through the central banks on a separate account, these loans not being mixed up with the normal loan business of the central bank. The unit to be so dealt with in either alternative will be the credit society and not the individual debtor. Neither the Provincial Bank nor central bank should ask for any margin of working expenses for keeping the accounts of the several trustees, transmitting the funds to the societies and the trustees through them, and for allied services. If these services are free, the trustees will receive loans carrying interest at 4 per cent, which is the present lending rate of the Provinical Bank. (3) The third alternative is the formation of a new co-operative or joint stock trustee bank which will finance itself by collecting share capital and taking long term deposits or floating debentures.

On a careful examination of the relative merits and demerits of the three alternatives, I think the second alternative, namely, the Provincial Bank operating through the Central Co-operative Banks and the societies seems to be the best. Two questions arise in that case for the consideration of the Provincial Bank. *Firstly*, whether the properties involved in these lands, namely, 8,000 acres will fetch

sufficient income to meet the interest charges of the Provincial Bank. Assuming that all the 12 lakhs of rupees for which the properties have been purchased are to be advanced to satisfy the claims of the societies which purchased them, the interest on that amount will be about Rs. 48,000 per year. We have now no data to ascertain what the income from these 8,000 acres of land is or is likely to be. If on an average an acre of dry land can be expected to fetch Rs. 5 and an acre of wet land Rs. 10, then the income from these lands will be a little over Rs. 50,000 and will be enough to cover the interest charges. I have already stated that neither the Provincial Bank nor the central banks should charge any thing for their services because it is a novel scheme, which is intended to relieve helpless debtors who have lost their properties by forced sales. Ordinarily, the scheme can be worked without any necessity for the Provincial Bank to lend so large a sum as Rs. 12 lakhs at any time. The trustees can in some cases manage without paying, before realisation of sale proceeds on resales, all the sums which the creditors or purchasers of the land have to be paid. As the period that will be ordinarily required for the execution of such trusts may not exceed five years, the Provincial Bank's resources will enable it to find funds for five years, without any special modification of its deposit policy.

The second point that has to be considered is the nature and extent of the risk which the Provincial Bank will have to face by lending this money. If the value of the lands appreciates, then certainly there is no risk. Even if the prices remain the same as those at the time of the sales, then also the risk is small. But if there is a further fall in the value of the lands, then there will be a real risk. It is very unlikely that there will be further fall in the value of lands, for I hope we have seen the worst of the economic depression. The question that assuming that there is such a fall, resulting in a loss to the Provincial Bank, who is to bear this risk must, however, be faced in a business proposition like this. The risk, I think, may be proportionately distributed primarily among the several central banks in whose area the several Trusts are administered, the Provincial Bank, however, shouldering the responsibility of bearing a portion of the loss in area where the Central Banks are unable to do so, owing to their own financial condition.

I am glad to state that the Joint Registrar of Co-operative Societies, Diwan Bahadur K. Deivasikhamani Mudaliar, is giving his thought to this problem and is looking into details of the lands

purchased by co-operative societies, their present values, incomes and other relevant details, which will be very necessary for the further elaboration of the scheme. I earnestly hope that the Co-operative Central Banks in this province will also make a careful study of this problem and collect accurate and reliable statistical data in regard to their several areas, which are necessary to enable the Provincial Co-operative Union to draw up a scheme to deal for the present, with cases of indebted members of the credit societies, whose lands were sold for the discharge of the debts due to the societies. It may be mentioned that the cases of members who are indebted to our credit societies but whose lands are not yet sold, but will have to be sold sooner or later, may as well be included in the scheme, for the principles and methods to be adopted are the same.

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Claim Proceedings under Act VI of 1932.

BY MR. P. K. SRINIVASARAGHAVACHARYA, B.A.

Rule XXII 17 (*a*) of the Rules framed by the Local Government contemplates investigation of claims and objections with respect to properties attached. It corresponds to Rule 58 of Order XXI of the Code of Civil Procedure. The grounds on which a claim may be rejected or allowed have not been stated. In fact no rule corresponding to Rules 59, 60 and 61 of Order XXI of the Civil Procedure Code is to be found. There is nothing in the rule under consideration as to what a sale officer enquiring into such petitions should attempt to find out. Whether the scope of enquiry should be restricted to possession or extends to finding out as to what the title of the claimant to the property is, has not been mentioned. This has to be seriously considered when it is known that gentlemen who have no training in law are often entrusted with such sort of work.

The rule says that the claim should be disposed of on the merits. It is not stated whether the sale officer, who is also the attaching officer, has to pronounce an opinion as to what he has himself attached is liable to be so attached and then keep quiet leaving it to some other entity to deal with the property that he has seized, or whether he himself has to direct the property to be released. It cannot be inferred without definite rules that the sale officer has got the powers to release the property, since he is only an instrument through which the Registrar of the District is attaching the property.

The position of the successful claimant is worse than that of his defeated friend. Whereas under Rule XXII 17 (*c*) the defeated claimant has got a chance of seeking redress by instituting a suit, the successful claimant has to remain satisfied with the fact that the sale officer has pronounced an opinion favourable to him. In fact there is absolute necessity that rules corresponding to Rules 59, 60 and 61 of Order XXI of the Code of Civil Procedure should find a place among the rules framed under the Act.

The rule lays down that a suit should be instituted. Where it should be, has not been stated. A rule does not gain anything by being vague. If a defeated claimant is a member of the decree-holder society, can he file a suit in a Civil Court in the face of section 51 of the Act?

Even in case of mortgage decrees the rules necessitate attachment of the hypotheca, even though it is not known as to why such a procedure should be adopted and attachment batta paid. As per the rule under consideration, a claim petition lies in cases where mortgage decrees are being executed even though it has been laid down that under similar circumstances no claim would lie in a Civil Court. (Please *vide* A. I. R. 1930 Madras 712 and A. I. R. 1921 Cal. 479.) The ground for such a view is that what is being sold in execution of a mortgage decree is the right title and interest of the mortgagor in the hypotheca and that it is not within the province of an executing court to hold an enquiry regarding the title of the mortgagor to the property that has been mortgaged. The scope of the rule should be limited to cases where properties are attached in execution of simple money decrees.

The sale officer is given an option to refuse to investigate, if he considers that the claim or objection is frivolous. It is only after investigation that the sale officer can find that the claim is frivolous or otherwise. It has to be considered as to whether this portion of the rule does not give wide scope to a gentleman who may like to be easy going, to refuse to investigate a claim.

It is a rudimentary proposition of law that a person should not be allowed to sit in judgment over himself. It is the sale officer that attaches the property. The legality or otherwise of the attachment has also to be considered in the course of an enquiry. It can be stated without fear of contradiction that the sale officer who has to judge of his own acts cannot but find that they are perfectly legal. It is desirable that an officer superior in grade to the attaching officer is entrusted with the task of enquiring into objections and claims. The sub-rule under consideration may with advantage be amended as follows:

17. (*a*) "Where any claim is preferred to or any objection is made to the attachment of any property attached in execution of a decree not being a mortgage decree on the ground that such property is not liable to such attachment, the officer (not being the officer who effected the attachment in question) appointed by the Registrar of the District for enquiring into claims and objections shall investigate into the claim or objection and dispose of it on its merits.

Provided that no such investigation shall be made where the officer considers that the claim or objection was designedly or unnecessarily delayed.

(*b*) The claimant or objector must adduce evidence to show that at the date of the attachment he had some interest in, or was possessed of, the property attached.

(*c*) Where upon such an investigation the officer is satisfied that for reasons stated in the claim or objection such property was not, when attached, in the possession of the judgment debtor or some person in trust for him or in the occupancy of a tenant or other person paying rent to him, or being in the possession of the judgment debtor at such time, it was so in his possession not on his account or as his own property but on account of or in trust of some other person, or partly on his own account and partly on account of some other person ; the officer shall make an order releasing the property, wholly or to such extent as he thinks fit from attachment. Thereupon the property so released shall be delivered to the claimant or objector.

(*d*) Where the officer is satisfied that the property was, at the time it was attached, in the possession of the judgment debtor as his own property and not on account of any other person, or was in possession of some other person in trust for him, or in the occupancy of a tenant or other person paying rent to him, the officer shall disallow the claim.

(*e*) Where the property to which the claim or objection relates has been advertised for sale, the sale officer shall on receipt of an intimation to that effect postpone the sale pending the investigation of claim or objection.

(*f*) Where a claim or an objection is preferred, the party against whom an order is made may institute a suit in the Civil Court within the limits of whose jurisdiction the property was attached within one year from the date of the order to establish the right which he claims to the property in dispute, but subject to the result of such suit, if any, the order shall be conclusive."

Financing of Cultivation and Sale of Produce Through Co-operative Agencies.

BY MR. K. UNNIKRISHNA MENON,

Deputy Director of Agriculture.

What the ryot needs at present is the financing of his cultivation with some small short-term loan to pay kist and to meet his domestic expenses before his produce is sold at a profitable price. For want of a proper organised agency, the ryot is now at the mercy of the middleman who seeks every opportunity to profit himself at the expense of the ryot. He should be saved from this position and the co-operative agency is best suited for this purpose. The financing of cultivation is the function of the primary societies and the sale of produce may be done by the primaries or by a central loan and sale society. The co-operative agency should step into the shoes of the middleman and gradually eject him.

The work can be undertaken as an experimental measure in a few select societies where there are satisfactory panchayats attending to the societies' affairs and the work of the societies is not bad. The assistance of the Co-operative Department and the local supervising authorities has to be obtained for this purpose. The plan of work is as follows :—

The members who are in possession of lands by lease or otherwise may be helped with funds for cultivation expenses. The Agricultural Demonstrator will for this purpose visit the rural credit societies where there are chances of working out this scheme, educate the panchayatdars and the members about the usefulness of the improved methods of cultivation and also appraise them of the advantages arising out of the proposed system of financing them through co-operative societies. If the members are agreeable to the scheme and if the Demonstrator thinks there are chances of working it out, he will prepare a suitable scheme for cropping the lands of the applicants who apply for the crop loans through him and prepare a year's budget of the loans needed for a society so selected.

The Agricultural Demonstrator will then prepare in the statement as published in the next page an estimate of the requirements of members for cultivation expenses and the probable time when the advances have to be paid.

Serial No.	General No. of the member in the society.	Name of the member.	Survey No. of field proposed to be cultivated with the loan.	Wet, dry, or garden.	Extent.	Name of the crop which is proposed to be raised.	Total amount required for cultivation.	Amount to pay other liabilities on crops etc.
1	2	3	4	5	6	7	8	9

Amount needed for other purposes during the year.	Total amount required as loan.	Months in which the amounts are required with the demand for each month.	Month in which the crop is expected to be harvested.	Expected value of the produce.	Month in which the produce can be sold.	Nature of security offered.	Signature of the member who wants the loan.	Remarks.
10	11	12	13	14	15	16	17	18

It is desirable that this statement is prepared for each crop separately as the season for cultivation and harvesting differs for each crop. The Agricultural Demonstrator will then prepare a loan application from the society with the help of the supervisor of the Union with great care. The loan application together with the statement prepared as aforesaid will then be submitted through the Assistant Director to the Deputy Director of Agriculture who will scrutinise the same and forward it to the local Union to which the society is affiliated, or to the Federation if the society is not affiliated to a Union, for necessary recommendation to the Central Bank for the loan. The Union or Federation will dispose of such applications as speedily as possible. The Agricultural Demonstrator will take care to see that the necessary formalities are gone through sufficiently early to enable the members to get the loan in time. The Central Bank will sanction the loans if it is satisfied, and also make the amount available to be drawn only in instalments by the respective societies on the recommendation of the Agricultural Demonstrator.

The loans to members will be disbursed only in instalments and not in a lump. The first instalment may be for ploughing, manuring, sowing etc., the second for weeding and the third for harvesting and thrashing. The second and third instalments will not be disbursed before the Agricultural Demonstrator certifies that the previous instalment has been properly used.

The loan will be granted to members under the usual conditions as per by-laws of the society.

The members should undertake to sell the produce through the loan and sale society which will arrange to sell the produce to the best advantage of the ryot in a favourable season or sell it through the primary society itself. The loan and sale society will be prepared to advance 60 to 75 per cent the value of produce deposited with it. The ryot may clear the dues to the primary society out of this and meet his immediate demand for funds. Where there is no loan and sale society the sale may be effected by the credit society. The members must be made to understand that the society enjoys a first charge on such produce as per provisions of the Act and that the proceeds would be appropriated for the dues of the member—in the first instance for the crop loans advanced, and next for any other dues to the society—making due provision for the members' subsistence.

When the scheme is successfully worked in a select area it is bound to give a new outlook to the ryot and effect an orientation in the policy of co-operative credit. The ryot will no longer be at the mercy of the middlemen. He will feel a new strength and freedom. Co-operative Credit will become a really controlled credit as it should be, the control being exercised by the Agricultural Demonstrator and the special supervisor, who prepare the loan application and watch and regulate the use of the loan. Co-opeiative loans would be recovered not as hitherto at the fag end of the year with a view to show a better profit but at a time when the ryot is most able to pay out of the produce raised by him and sold through the agency of co-operative society.

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Conferences.

SUPERVISORS' CONFERENCE.

Proceedings of the first Supervisors' Conference held on Saturday 21—9—1935 in the premises of the Tinnevelly District Co-operative Central Bank, Ltd.

Present :—

M. R. Ry. Medai Dalavoi Kumaraswami Mudaliar Avl., President.
,, S. M. A. Muthu Pillai Avl., Secretary.
,, S. Agastheeswaram Pillai Avl., Executive Officer
and 24 Supervisors.

The Conference began at 10 a. m. with M. R. Ry. S. M. A. Muthu Pillai Avl., Secretary of the Bank in the chair. The president attended the conference at 2-30 p. m. when he presided.

The following are the subjects discussed at the conference.

1. *Collection.*

The supervisors were instructed that collection is the primary duty of the supervisors and should be attended to throughout the year, without reserving it to be taken up at the fag end of the year. It is an every day work. Special devices for the collection of long overdue cases were discussed and special recognition for good work in this line was promised. They were specially directed on the following points to hasten collection. That the supervisors should meet the arbitrators wherever possible or remind the Deputy Registrar of Co-operative Societies for the quick disposal of the arbitration references through the Societies and render all possible assistance to the arbitrators for the quick disposal of the cases. In regard to the execution proceedings the supervisors should meet the Sale Officer as often as possible and try to expedite proceedings, rendering them necessary assistance with this end in view. Due care should be taken in the preparation of execution petitions without giving room for return of the petitions on grounds of imperfectness or want of sufficient fees being remitted etc.

After discussion, it was decided that:—

(*a*) The Deputy Registrar is to be addressed to intimate the society concerned about the amount collected by the Sale Officer in each execution with necessary details (ARC and C. E. P. No.) with receipts for any adjustment made by the Deputy Registrar on account of cost etc. Invariably there is difference between the amount collected from the party and the amount credited in the Bank and vouchers for the difference are not available.

(*b*) When action against the moveables is over and arrangements are being made to attach immoveables, if there is a possibility for further proceedings against the moveables once again, and thereby realise the dues of the defaulter, the Deputy Registrar is to be requested to proceed once again against the moveables in such cases on the request of either the office bearers of the societies or the supervisors.

(*c*) When once moveables are attached the sale is not conducted on the date fixed and there are cases of delay over months together, it was decided to request the Deputy Registrar to direct the Sale Officers to conduct the sales on the dates fixed and without any avoidable delay.

2. Loan Applications.

General Instructions were given to the supervisors drawing pointed attention to the general defects and as to how to prepare them correctly, and the points they will have to bear in mind in this respect. Circulars on the subject issued by the Bank from time to time were read and explained. Practical difficulties expressed by supervisors were freely discussed and advice was given.

3. Registrar's Scheme Work.

The Executive Officer gave a short speech on the subject. Instructions were given regarding the scheme work laid down by the Registrar. They should carefully revise the property statement, study the conditions of each and every loan and classify them as sound, ill secured and bad. On sound loans extension may be given, if necessary and deserving. Additional securities should be obtained for ill secured loans and timely action should be taken to recover them. Regarding bad debts the causes should be ascertained and the panchayatdars responsible should be made liable by preferring surcharge claims against them. Only after exhausting all possible means of collection any loan could be classified as bad and provision will have to be made to meet the bad debts. Circulars of the Registrar and the Bank on the subject were read and practical difficulties were discussed and decisions arrived at as to how best to overcome them.

II. Maintenance of record by supervisors.

The supervisors were given instructions on the necessity of maintaining an "Information Register" (to be printed and supplied) so that one may be able to know at a glance the state of the various societies under the charge of the supervisors. This will be a guide also to men posted to new areas, that the circulars received from the Bank should be filed neatly date-war in the stock file, and that the supervisors should maintain despatch registers.

III. Vide subject. I. Clause (ii)

IV. The supervisors were given clear instructions by the Secretary as to how to submit acquittance and how to endorse the cheques issued for their pay. The first business of the supervisors at the beginning of every fortnight is to prepare and submit their correct diaries relating to the previous fortnight to avoid delay in the matter of disbursement of their pay etc. There had been occasions of delay in receipt of diary and consequently drawing of pay had been delayed also. The supervisors were exhorted not to give room for similar complaints.

V. Vide subject I. Clause (iii)

VI. Rectification of audit defects.

Instructions were given as to how to rectify the defects noticed in the final and interim audits. It was clearly explained that the major portion of the defects now pointed out by the auditors would not have arisen if only the supervisors had discharged their duties properly and were to take some pains in the matter of maintenance of proper accounts in the society. It was resolved in this connection that the copy of the defects summary received in the Bank should be forwarded to the supervisors for rectification as it was found difficult to trace them in the society's records. They need not write the defects once again in the rectification report. If the serial number of the defects is given, it would suffice.

VII. General Instructions as to conduct, duty, punctuality etc.

The Secretary explained to the supervisors how to submit reports and replies to the Bank references. That an upto date list of periodicals should be kept by every supervisor and submit them punctually without giving room for reminders. Un-punctuality does not reflect much credit on the supervisors. They were instructed to visit more often societies which are far away from the head quarters. That if only they do so, much of the fraudulent and benami transactions and cases of misappropriations could be avoided or detected at once.

The register of borrowings from the Central Bank should always be kept upto date without omitting the adjustments effected in the Bank. Omission to do this has lead to unnecessary correspondances between the Department and the Bank at the time of the final audit of the societies. It was resolved in this connection that the supervisors should be furnished with a list of fortnightly collections as was being done formerly in the case of Unions. They were instructed not to remove the account books of the society from its head quarters on any account. That the office bearers are to be educated on the proper maintenance of account books of the society. They should also be taught their duties and responsibilities as office bearers of a village society.

It was resolved after discussion, to send the loan verification report forms direct to the supervisors instead of to the society as is being done now.

VIII. Subjects brought in for discussion by the supervisors.

Some supervisors had given notice of a number of subjects to be discussed at the conference. Each subject was thoroughly discussed and decisions arrived at. The following subjects among them are specially mentioned as the subjects are to be placed before the Committee.

(*a*) Reduction of tour days or enhancement of F. T. A. It was explained that owing to the existing financial stringency, the question of enhancement of the F. T. A. cannot be considered at this stage. But the reduction of tour days may be considered.

(*b*) There is no provision for children at present in the rules governing the T. A. for transfer. It was resolved to consider the question of payment of actual expenditure to children also. These two subjects will be placed before the next Committee for their decision.

IX. Reading of Papers.

Instructive papers on the following subjects were read and explained to the supervisors.

(*i*) Revision of property statements: mistakes found and efforts to be made to rectify them and correctly prepare the same.

(*ii*) On flying visits to societies made by the supervisors, its drawbacks, disadvantages and waste of time and money. Necessity for stopping sufficiently long in the villages and stopping over nights in villages wherever necessary.

(*iii*) Execution proceedings watching of—their responsibilities to keep close watch over the progress of execution.

(*iv*) Time barred loans—rectification—main points on limitation—steps to be taken.

(*v*) Bad debts writing off.

(*vi*) Education necessity—to educate the office bearers and the part to be played by the supervisors.

(*vii*) Revival and expansion—instructions.

(*viii*) Economic survey and rural uplift.

(*b*) The following circulars were read, explained and copies delivered :—

1. E. 2.506/35-36. Regarding Registrar's circular regarding grant of short term loans for agricultural purposes.
2. E. 2.621/35-36. Regarding Registrar's circular on relief to the agriculturists by reducing the interest and waiving off completely penal interest.
3. E. 1.1596/35-36. Regarding rectification of audit defects—instructions.
4. E. 1.1035/35-36. Regarding special preference to supervisors for good collection of long out-standing and doubtful loans.

The President delivered a short and instructive lecture on the duties and responsibilities of the Supervisors.

(*Lecture Omitted—Ed.*)

Enthusiasm was maintained throughout and the Conference came to a close at 7 p.m.

LAND MORTGAGE BANKS' CONFERENCE.

A conference of the delegates of the Primary Land Mortgage Banks with the Central Co-operative Land Mortgage Bank took place at the premises of the latter on Saturday the 23rd November 1935 at 11 a.m. The Conference was opened by the Hon. The Raja of Bobbili, K.C.I.E., Chief Minister. The Hon. Mr. P. T. Rajan, Development Minister, the Registrar and Joint Registrar of Co-operative Societies and many prominent co-operators of the city were present. In requesting the Raja Saheb to open the Conference, Dewan Bahadur Sir M. Ramachandra Rao, President of the Central Land Mortgage Bank, made the following speech :—

Sir M. Ramachandra Rao's Address.

On behalf of the Directors of this Bank and on behalf of the representatives of the Primary Land Mortgage Banks assembled here, I extend to you a hearty welcome. Since the establishment of this Bank, this annual conference of the affiliated banks with this Bank is being regularly held and has afforded opportunities to representatives of the financing institution and the affiliated institutions to discuss and settle many complicated questions arising in their day to day administration. This is the sixth time we are so meeting. Last year, Sir Hopetoun Stokes, the Finance Member of the Government, who had always evinced keen interest in the progress of this Bank, was good enough to open the conference and to give us the benefit of his views on the working of the scheme and incidentally to acquaint himself with our difficulties, our aims and aspirations. We are grateful to you for the readiness with which you have accepted our invitation this year and for coming here amongst your multifarious engagements as the Chief Minister of the Madras Government, to open this conference to-day. We believe that the only way of securing the continued progress of the scheme for the establishment of Land Mortgage Banks and for their smooth and efficient working is to interest you and other members of the Government in the work of this Bank from year to year and to avail ourselves of their financial and administrative experience. The progress of land credit institutions in this country is vital to the prosperity of the agricultural classes and the interests at stake are too important for Government to remain unaffected. In Europe and America, the Government is actively helping in various ways the working of these institutions and we in India can hardly expect to be an exception. Indeed it is clear from what is taking place in other provinces and in Indian States that they are falling into line and starting Central Banks on the same lines as ours. We have had visits from official and non-official co-operators of Bombay, Bengal and Central Provinces and from the Indian States of Baroda and Cochin to study our methods and to acquaint themselves

with the working of this Bank and its affiliated institutions. During the year, the continuance of the depression has increased the pressure of debt on the agricultural classes and the local Governments have been forced to turn their attention to the subject of agricultural indebtedness and to study methods of relief. The Government of India have appointed Mr. M. L. Darling, the well-known Punjab authority on rural problems, to go round the provinces and report on questions relating to the Co-operative Movement. I am glad to say that that officer who visited this Bank and some of the Primary Banks has stated in his report to the Government of India after going round the provinces that with regard to Land Mortgage Banking, Madras is leading India. His report is now before the Local Governments and also the Reserve Bank of India with reference to the proposal for the starting of the Agricultural Credits Department in that Bank under section 54 of the Reserve Bank of India Act. The problem of long term credit is now therefore receiving some attention and we are gratified and grateful that the Madras Government have also directly stepped into the field by amending the Madras Agricultural Loans Act, 1883, so as to permit loans for the clearance of old debts being made under that Act. At the outset, it is my duty to express our sincere thanks to the Government for this attempt, though late, to stand by the ryot during this period of depression and I trust that with the combined activities of the Government and of this Bank, some progress may be made in the solution of the problem of rural indebtedness. We are also glad that my esteemed friend Dewan Bahadur Ramalingam Chettiar's Bill relating to debt conciliation will soon be passed into law and beg to express the hope that the conciliation boards will be set up as early as possible. It must be clearly recognised, however, that unless there is a financial agency throughout the province, capable of meeting the financial liabilities of the debtors as settled by the Boards, the mere setting up of Conciliation Boards will do no good. I therefore think that with the establishment of Debt Conciliation Boards the simultaneous development of the financial machinery on a larger scale for meeting the situation is a matter of urgent necessity. I need hardly say that the Land Mortgage Banks are ready and willing to play their part in this important scheme for the amelioration of the ryot at this critical juncture.

The outstanding event of the previous year was the passing of the Madras Co-operative Land Mortgage Banks Act, 1934, by the Madras Legislative Council. It is a matter worthy of note that legislation on these lines is being passed in other provinces and Indian States. During the co-operative year that has ended with June 1935, the Madras Government published the necessary notifications under section 6 of the Act guaranteeing the principal of and interest on the debentures to be issued by this Bank up to a maximum of Rs. 50 lakhs,

besides guaranteeing debentures already issued to the extent of about Rs. 24 lakhs under section 7. Since the date of the notification under section 6, debentures for Rs. 38,14,300 have been issued and it is expected that the maximum guaranteed will be reached in January next. As the work of the Bank is rapidly expanding, the Government were requested to increase the maximum to Rs. 100 lakhs, and under sub-section (2) of section 6 of the Act, they obtained the consent of the Legislative Council to do so. We beg to express our grateful appreciation of the prompt action which the Government have taken in this matter and hope that the necessary orders will be issued as early as possible. During the year, the Bank has issued debentures at 4 per cent for a sum of Rs. 24,15,300 and at 3½ per cent for a sum of Rs. 2,65,600. The total amount of debentures issued up to date by this Bank amount to Rs. 85,53,800 and debentures redeemed up to date amount to Rs. 25,59,300, thus leaving a balance of Rs. 59,94,500 in circulation. The demand for them is increasing day by day.

Our Debentures.

The position of our debentures in the share market is satisfactory and is improving day by day. The purchasers of our debentures are not speculators but they come from those classes of non-speculating investors who seek sound investment of their funds for long periods. Government have been pleased to permit the local bodies to invest portions of their provident fund and Railway Cess Funds in the debentures and the Government have also recognised the debentures of this Bank as eligible for investment of the fluid resources of the Co-operative Central Banks. The Townsend Committee on Co-operation have remarked that the debentures of Land Mortgage Institutions are an ideal investment for Insurance Companies, who now invest almost all their funds in Government Securities. This Bank has made an effort to interest Insurance Companies in the debentures and I am glad to say that two of the leading Insurance Companies in the country, viz., The Oriental Government Security Life Assurance Company, Ltd., and The United India Life Assurance Company, Ltd., have for the first time purchased the debentures of our Bank during the year. We have already the Andhra Insurance Company, Ltd., and the Asiatic Government Security Life Assurance Company, Ltd., on our registers. Insurance Companies have played a great part in other countries in financing Land Credit Institutions and we sincerely hope that the Insurance Companies in this country will do the same in the years to come and we are doing our best to interest them in our debentures and to explain our scheme to them.

Reduction of Interest on Past Loans.

I shall now have to refer to the position of the ultimate borrower. When this Bank was started, conditions of the money market were very

stringent. The borrowing rate of this Bank was 6½ per cent and loans were granted to primary banks at 7½ per cent, who in their turn granted loans to the ultimate borrower at 8½ per cent. In view of the continued financial depression, it was considered essential that every opportunity should be taken to reduce the rate of interest to the ultimate borrower. The easy conditions of the money market enabled the Bank to continue the policy of conversion of the debentures bearing high rates of interest which were issued in the early stages of the Bank's working. In pursuance of this policy, debentures of the third series bearing interest at 6¼ per cent were replaced by debentures bearing interest at 5 per cent. The first and fifth series of the debentures bearing interest at 6 and 5½ per cent were also redeemed in December last and debentures bearing interest at 4 per cent were issued instead. The money borrowed by the issue of the debentures of the first, third and fifth series had been lent to the ultimate borrower at 8 and 8½ per cent. Consequent on the conversion of the debentures of the said series, the rate of interest on those loans was reduced to 7 and 6½ per cent. After the above conversion was completed the only series outstanding bearing interest at 5 per cent are the sixth, seventh and ninth aggregating to Rs. 16,41,800 as on the 30th June 1935. Since the close of the year, the Board has resolved to redeem the sixth and ninth series of debentures and issue 4 per cent debentures in their place. With this further reduction in the rate of interest on the debentures which takes effect from 1st December 1935, the date fixed for their redemption, the ultimate borrower will be charged only 6½ per cent on these loans. It is also proposed shortly to redeem the seventh series of debentures, the only series outstanding bearing 5 per cent interest. When this is done, there will be no loans carrying interest at more than 6½ per cent to the ultimate borrower. In this way, every effort has been made to pass on the benefit of conversion to the borrowers.

Interest Rate and New Loans.

With the organisation of new banks and the expansion of the business of the existing banks, there has been a steady increase in the loaning operations of this Bank. During the past year, a sum of nearly Rs. 20 lakhs was disbursed to the borrowers. In response to the repeated requests from the agricultural classes for increase of the individual maximum borrowing power from Rs. 5,000 to Rs. 10,000 the Government have been pleased to authorise the Registrar (in their G. O. No. 1168, dated 26—8—1935) to permit primary banks in select areas to enhance the maximum amount which can be borrowed by an individual member from Rs. 5,000 to Rs. 10,000. Proposals have been received from a number of banks for increasing the maximum borrowing power and these proposals will be taken into consideration very soon. With the increase in the maximum borrowing power, it is expected that there will be a considerable expansion of the business of the banks.

The present conditions of the money market has enabled the Bank to reduce the borrowing rate still further as already stated to $3\frac{1}{2}$ per cent. Since May last, debentures have been issued for a sum of Rs. 11,97,100 at this rate of interest. The Board has, therefore, thought it fit to reduce the interest on loans disbursed as and from 19th October to 5 per cent to the banks and 6 per cent to the ultimate borrower. In present circumstances, an agriculturist requiring a loan of less than Rs. 2,000 can get it from the Government at $5\frac{1}{2}$ per cent, while he can get it through the Land Mortgage Banks only at 6 per cent. The Board is anxious that the rate of interest now prevailing should be further reduced. But, however, there are questions of finance in the way such as the cost of the investigating staff which must now be referred to.

Contribution for Staff.

The question of financing the outdoor staff employed for the benefit of the Land Mortgage Banks has been the subject of anxious consideration of the Board. The problem of dealing with rural indebtedness and improving the economic condition of the ryot is the subject of investigation by many Commissions and Committees and the State has an important part to play in the solution of the problem. It can be systematically dealt with only when the Agricultural Credits Department of the Reserve Bank of India is organised. We are glad that this matter is receiving attention from the Government of India and the directors of the Reserve Bank. Mr. Sathianadhan's report on Rural indebtedness has presented the problem in this presidency in a new light. It is to be regretted that Mr. Sathianadhan could not find time to visit our bank and personally acquaint himself with the working of this institution and this accounts for some unfounded remarks about this Bank's working in his otherwise excellent report, He has dealt with the many difficulties of financing agriculturists in a comprehensive manner. One of the solutions suggested is the provision of long term credit on a large scale, which would result in a large extension of the activities of this Bank. I venture to say that the directors are prepared to shoulder the burden and believe that the problem of rural indebtedness is so enormous that it can be properly solved only by sympathy and co-operation between the Government and co-operative and other financial organisations in the country and also by the adoption on the part of the people habits of prudence and economy which are so necessary on the part of the agricultural classes.

The expenditure on these banks is, therefore, on the same footing as the expenditure incurred by the Government on the other activities of the Development Department. There is, therefore, no reason to make any distinction in regard to the expenditure incurred on account of the staff. This investigation is in the interests of both the Central Land

Mortgage Bank and primary banks and finally in the interests of the Government which has guranteed the debentures. These banks are semi-public institutions and not profit-making concerns by their constitution and by-laws; they cannot have sufficient margin of profit to cover the expenditure on the staff. Besides, it is essential, as remarked by the Townsend Committee, that the Central Land Mortgage Bank should build up a strong and adequate reserve fund as rapidly as possible. These matters were urged in my letter to the Government dated 19-6-1934 regarding the financial arrangements for the outdoor staff.

In G. O. No. 914, Press, dated 29th June 1935, orders have been passed by the Government that after setting apart 25 per cent of its profits to the Reserve Fund and paying a dividend not exceeding six per cent to the share-holders, the Central Land Mortgage Bank should utilise the balance to meet the cost of the staff employed for the benefit of the bank and that the balance, if any, after these requirements are met, may be added to the Reserve Fund. As regards the staff employed for the benefit of both the Central Bank and the Primary Land Mortgage Banks, the Government are prepared, it is stated, to meet the entire cost involved till 31st March 1937 on condition that after paying a dividend not exceeding 5 per cent to the share-holders, the Primary Land Mortgage Banks should set apart the entire balance of their profits to the Reserve Fund. The Registrar of Co-operative Societies was also requested to review the position again in 1936 in order to see what further arrangements should be made in the matter. The proposals relating to recruitment of staff, their training and the formation of a separate cadre are still under the consideration of the Government. While thanking the Government for meeting the charges of the outdoor staff till now and for the assistance rendered to this bank in other directions, I beg to express the hope that the Government will be able to revise the conclusions already reached about the cost of the staff and to order that it should be wholly met from public funds and to make it possible to grant loans on the same terms as the Government to the agriculturist. Any other course would result in the cost of the outdoor staff being charged to the borrower and for that purpose a higher rate of interest will have to be levied. This is very undesirable.

New Banks.

Some amount of criticism has been made that more banks have not been started. The problem of extending the operations of this Bank and organising new primary land mortgage banks is beset with many difficulties and I should like to refer to some of them briefly. In the first place, there is the problem of the investigating staff. In recent years, Government have appointed three Sub-Deputy Registrars per annum and have intimated to the Registrar and to us that we should

organise not more than ten banks per annum. In the second place, it has been found on investigation that the establishment of primary banks is easier in certain areas than in others. We must be certain that the ryot has a reasonable chance of repaying what he has borrowed. We have, therefore, chosen areas protected by the delta systems, river channels and wells which are in a better position than areas which are purely rain-fed. It is therefore more difficult to grant loans in these areas. The Ceded Districts come under this category. They are all of dry tracts and rainfall is smaller than in any other part of the Presidency. Apart from this there are areas where the human element for the management of these institutions is lacking. Very careful preliminary investigation has to be made in this matter before a bank is started. Other difficulties that have been felt may also be mentioned. Some of the areas suggested for a bank include Zamindary and other estates which have not been surveyed and settled. This is a real and genuine difficulty in the working of land mortgage banks as the property to be mortgaged must be properly ascertained and defined in the records to which the public should have access. In the absence of this public record, we have to rely on village records for the identification of lands. Another impediment that has been felt is that many of the ryots in Zamindary areas have no pattas which is the root of title to the ryots. Unless we are satisfied that the lands proposed to be mortgaged are in the village accounts registered in his name as the owner of the property, we are not in a position to grant a loan. I beg to express the hope that land-holders in their own interests and in those of their ryots will have their estates surveyed and settled and also issue pattas to their ryots.

Finally, I should like to say that the exhortations made both by my esteemed friend Mr. P. T. Rajan, the Minister for Development, who opened the Conference in 1933 and also by Sir Hopetoun Stokes who opened the Conference last year have not gone in vain. Mr. Rajan said: "Of late there has been a tendency for politicians to enter the movement and consciously or unconsciously import parochial factions and controversies into the co-operative institutions. The results of such actions in cases which have been brought to the notice of the Government have been disastrous. Unless the tendency is checked and political factions are eschewed altogether, the whole movement will be heading towards inefficiency and barrenness." I entirely agree with his remarks. I am glad to say that so far as the Land Mortgage Banks are concerned, there has been little manifestation of these tendencies during the year though it must be recognised that the danger is there. On behalf of the Central Board, I beg to convey to the directors of the Primary Banks assembled here our sincere thanks for the good work turned out by them during the year. In opening the Conference last year Sir Hopetoun Stokes

said, "Everything, I consider, depends not so much on the existence of numerous institutions, as on the character and outlook of men who run them. If the management of such institutions is conducted with a single eye to its success, if considerations of caste, creed or political bias are absent, if personal animosities or faction can be excluded, then I feel no doubt that the enormous possibilities for good which the movement possesses will be realised, and in a generation, let us say, the problem of rural indebtedness will be well on the way to solution." I am glad that the Primary Banks have maintained a high standard of work in the management of the institutions under their care. I beg to express the hope that they will continue to do so. Land Mortgage Banking is much more complicated than ordinary Banking both in its accounting and legal technicalities and the Primary Banks have established a standard which is steadily maintained. It is a pleasure to state that the Primary Banks are not in arrears to this Bank.

The Hon. The Raja of Bobbili, K. C. I. E. made the following speech in opening the Conference.

RAJA SAHEB'S ADDRESS.

I am deeply thankful to my friends Sir Mocherla Ramachandra Rao and Dewan Bahadur Ramalingam Chettiar for the honour they have done me in having invited me to open the Sixth Annual Conference of the Land Mortgage Banks in this Presidency. After having listened to the interesting and illuminating address delivered by your President, I think it is needless for me to say much on the value and importance of Land Mortgage Banks as a vital element in the economic well being of the agriculturists and the ryots. I agree with him when he said that the movement stands to gain by an interchange of ideas with the Members of Government and by creating in them an interest in the work of these Banks. An occasion like this gives us an opportunity of learning directly the problems that beset you and of knowing how you solve them by your daily contact with the various issues that arise in your administration so that we may have the benefit of a practical knowledge of the difficulties which you may have ultimately to refer to the Government for their decision.

It is gratifying to learn that the success of the movement in our Province has stirred an interest in other Provinces and Indian States and it is even more so to know that Mr. Darling, an authority on subjects of this kind, should have said that our Province leads in this direction.

Of all Provinces in India, the Punjab claims to have the honour of having started the first Land Mortgage Bank in the year 1920, but this was not followed with earnest attempts to develop it. In our Presidency, the genesis and growth of the Land Mortgage Banks have been comparatively recent and are rather fresh in the minds of many present here. It

was only in 1925, that the Government of Madras first approved the organisation of these Banks as an experimental measure in certain selected areas. Four primary banks were then sanctioned with a working capital of rupees one lakh each, which had to be found from share capital, deposits and debentures. In order to encourage the investing public to purchase these debentures, the Government then undertook to take up debentures to an amount equal to that issued to the public subject to a maximum of Rs. 50,000 in any one Bank. In 1927 the number of these Banks was ten. They, however, experienced difficulties in selling debentures locally in spite of Government assurances. Therefore, in pursuance of the recommendations of the Townsend Committee on Co-operation and the Royal Commission on Agriculture that the system of primary banks issuing their own debentures was unsound and that their issue should be centralised by the formation of a Central Land Mortgage Bank, the Government, in 1929, sanctioned the creation of this Bank to float debentures on the assets transferred to it by the primary Banks and to finance them out of the proceeds of such debentures, thus avoiding the flooding of the market with diverse, unco-ordinated debentures of competing primary banks. The work of this Bank has progressed satisfactorily since then. Thanks to the caution, energy and efficiency of those who have been in charge of the affairs of this Bank, the debentures now under circulation are, we are told, of the total value of about Rs. 59 lakhs.

The readiness with which the Legislative Council have endorsed the proposal of the Government to increase the maximum amount of guarantee of the principal of and interest on these debentures to rupees one crore and the fact that permission has been granted to the Local Boards and Co-operative Banks to invest an increasing proportion of their funds in these securities are certainly a testimony to the confidence in which the Bank and its management is held. The fact that your debentures are being looked upon as gilt-edged securities is certainly a matter for gratification to all those who are sincerely interested in the progress of Land Mortgage Banks. The fact also that insurance companies have now begun to interest themselves in these debentures is a welcome sign of the great potentialities for the future.

Both the Government of India and the Madras Government have been doing all that is possible to assist you and encourage you in your endeavours to tackle the colossal problem of agricultural indebtedness in our Province, and I am glad you appreciate their efforts in this direction. So far, your movement has not suffered owing to lack of funds and you can depend upon the Government to extend the existing guarantees to extent necessary in future also.

From your latest Annual Report, I find the total number of loans granted since 1929—30 is 2,778. It is therefore, no surprise that there should be certain amount of public criticism at the slow rate of progress; but I have no doubt that the Government have been wise in regulating the rate of expansion and the management should be congratulated on the sound business principles they have followed, which alone have enabled them to build up the high reputation which the institution now enjoys. But now that the foundations have been well and truly laid, the time has come when more rapid expansion is not only justifiable but necessary. As regards the staff to be provided by the Government, I can assure you that the Government can be expected to follow a liberal policy in the future as they have done in the past and to provide you with all facilities consistent with their responsibilities to the general tax-payer.

I am one of those who have always felt that this problem of agricultural indebtedness cannot be effectively tackled without the co-ordination of the various credit facilities in our Province, and without a machinery to scale down debts in view of the phenomenal fall in land values. I agree with the views of your President that no scheme of debt conciliation can be effective without the provision of adequate funds. The Government have already realised this necessity and have amended the Agricultural Loans Act so as to include indebtedness also within its scope. I hope the Debt Conciliation Bill now being ably piloted by my friend Diwan Bahadur Ramalingam Chettiar would become law in January next and that by the beginning of the next official year the machinery for debt conciliation would be in full working order.

When I say that there should be co-ordination between various agencies for reduction of agricultural debt, I feel that it is equally necessary that there should be no conflict between the various organisations and their sphere of activities should be well defined. Co-operative banks should confine themselves to short term credit on personal security and the recent tendency to extend the credit by renewing the loans on taking security of immoveable property is to be deprecated. So also the activities under the Agricultural Loans Act should be confined to loans not exceeding Rs. 2,000 so that, these activities do not trespass into the legitimate sphere of the land mortgage banks. The limit of the loan that could be borrowed by any individual from these banks should be raised to Rs. 10,000 generally.

The gradual reduction of the rates of interest to the actual borrower is a welcome sign of progress. Theoretically co-operative banking, if run on scientific and business lines, should make it unnecessary for any legislation to check usurious rates of interest. It is well to realise that we are far from that ideal state of affairs. By saying so it is not my intention to lay the blame at the door of the co-operative movement, but

only to point out the magnitude of the task before us, so that the public would realise that the problem has to be tackled in all seriousness.

Some of the criticisms against the Central Land Mortgage Bank and the primary banks are, that so far only 2,778 loans have been granted during the last five years, that there is great delay in disposing of loan applications and that loans are granted only up to 40 per cent of the value of the property to be hypothecated. As regards the first point, in my view, more rapid progress will not be possible without the primary banks having a well trained and qualified staff and without more direct control from the central institution that has been possible in the past. Progress in the directions indicated by me would, I am sure reduce the delays which, as you will realise, are inevitable in any movement during its fancy. Now that there are signs of the depression lifting and since prices are going up, I would earnestly suggest to this Conference to consider the desirability of raising the amount of loan to be given to 50 per cent of the value of the property. With these measures and with the help of the machinery under the Debt Conciliation Bill, I have no doubt you will be able to help just that class of agriculturists who are in greatest need of such assistance. There is a feeling in the country both with regard to loans granted by your banks as well as by the Government under the Agricultural Loans Act, that the poor ryot who has no influence finds it difficult to get timely loans. I am not in a position to state categorically how far this criticism is justified, but I only mention it with the hope that you will make special efforts to efface that impression. I would also suggest for your consideration that you should give preference to loan applications for repaying existing debts as opposed to borrowings for embarking on new improvements.

I realise the special difficulties pointed out by my friend Sir Ramachandra Rao in the way of starting primary banks in the dry areas. The need of the ryots in those parts, where nature has been less generous, is as great, if not greater, than other areas and I appreciate the efforts that have been made by you in the recent past to extend the benefits of your institution to this area also. Your President has mentioned some of the difficulties met with in Zamindari areas. Regarding survey and settlement operations, since the War, their cost has become very prohibitive amounting, in some cases, to as much as Rs. 3,220 per square mile. From this you will realise that in these days of depression when landholders are not in a position to realise their full rents and have to give concessions either by remissions or by allowing arrears to get time barred no estate would be able to undertake this burden. But I can state from my experience of well managed estates, that there will be no difficulty in identifying the holdings and if necessary such individual holding can be surveyed. When Sir Ramachandra Rao has said that in many zamin areas no pattas are issued, I am afraid he has made a rather sweeping

statement. Under the Estates Land Act, land-holders are bound to issue pattas on demand and in cases where this provision is violated, if you bring the matter to the notice of the public, you will be doing a service both to the land-holders and the ryots. The one defect, which I am aware of, is that alienation of holdings by sale are not brought to the notice of the land-holders to enable them to bring the records up to date. To help the extension of your activities to Zamindari areas, certain amendments were carried out in the Estates Land Act (Amending Act of 1934) to give notice in the official gazettes of sales of holdings and to compel land-holders to register patta transfers through the agency of the Registration Department. I am sure this measure would result in removing to a large extent the special difficulties you meet with in Zamindari areas.

I have made the above observations not without considerable hesitation before this Conference of experts, and not in a spirit of criticism, but only to place the point of view of the general public for your information and consideration. It is a matter for gratification for one and all that Madras is giving a lead to the rest of India in the work of land mortgage banks and thanks of the Government and the public are due to the management for the efficiency and business like manner in which they have discharged the trust placed in their hands. With the passing of the recent amendment to the Agricultural Loans Act and the coming into force of the Debt Conciliation Bill and the co-ordination of all the various agencies for agricultural credit, I have no doubt, the scope and field of activities of the Land Mortgage Banks would be considerably extended and I think we can legitimately feel that we are now in a position to effectively deal with the problem of relieving the ryot from the burden of indebtedness. At the present juncture, I am sure, you will all agree with me that the greatest benefit that can be conferred to the masses is in this direction and I have no doubt that with the friendly co-operation between the Government and the Central Land Mortgage Bank, which has always been a happy feature in this Province, great progress would have been made by the time when you meet for a similar conference next year.

I assure you that it shall be my earnest endeavour to do all that lies in my power as a Member of the Government and as the Leader of the Justice party to assist you in your efforts to relieve suffering humanity. My services are always at your disposal. I once again thank you for giving me this opportunity of associating myself with this function and I have now great pleasure in declaring the Conference open.

The Conference then adopted the following decisions on the subjects that were on the agenda for discussion.

1. Contribution by the Central Land Mortgage Bank and Primary Banks for the Government staff—Orders of the Government.

The Conference requests the Government to reconsider its decision that the Bank should contribute towards the cost of the outdoor staff in view of the fact that the Bank is doing the work of relieving indebtedness which is its legitimate work, that it has guaranteed the debentures and that the Bank has to build up a strong reserve and provide for a building of its own.

In the meanwhile, the Conference requests the Government not to insist on the contribution on the outstanding that the amount of contribution demanded may be added to the Reserve Fund. (*Passed unanimously*).

2. Surplus funds of Primary Banks—investment in Central Land Mortgage Bank as share-capital and time deposits.

Primary Banks may loan their own surplus share capital subjected to the applications being investigated in the same way as applications sent to the Central Bank and being sanctioned by the Central Bank.

(*Passed by a large majority.*)

3. Nomination of two directors to the Primary Banks.

The Conference is opposed to the nomination of Directors to the Boards of Management of the Primary Banks and requests the Registrar to delete the provision in the model bye-law.

4. Revaluation of mortgaged properties—whether necessary every year for all classes.

The present procedure may be followed.

5. Reduction of the rate of interest on loans bearing higher rate of interest—supplemental bonds.

Effect may be given to the resolutions reducing interest from the dates of the resolutions and the Primary Banks may take the supplemental bonds as soon as possible.

6. Alienation of mortgaged properties—taking bonds from aliences—whether partial alienation should be allowed.

No fractional alienation can be allowed without the previous consent of the Central Land Mortgage Bank.

7. Acceptance of houses in urban areas as additional security. In exceptional cases, if 4/5 is land, 1/5 of the security may be accepted in the form of house property in urban areas.

8. Price of paddy--proposal to value at Rs. 4 per bag.

The Deputy Registrars may be asked to enquire and report with reference to each district.

9. Filing of original deeds or registration copies in the case of immediate documents of title.

The present practice will continue.

10. Model bye-law No. 49—prescribing time within which action should be taken. (Registrar's letter).

The suggested amendment is approved.

11. Reduction of rate of interest to the ultimate borrower to 5 per cent.

The Conference is of opinion that the Central Bank should retain only 1 per cent on the loans so that the ultimate borrower may be lent at 5½ per cent.

12. Period of loans to be increased to 30 years.

Not pressed.

13. Issue of debentures by the old primary banks—permission to be given.

Only two voted for it. A large number against.

14. Speeding up of the sanction of loan applications.

After some discussion and the Vice-President stating that the President and Executive Committee will consider it the matter was dropped.

15. Loans on Mokasa Land.

Deferred.

16. A Director in the Central Land Mortgage Bank for the districts of Madura, Ramnad and Tinnevelly.

There is one already.

The Erode Co-operative House Mortgage Bank, Limited.

(Formerly The Erode Co-operative Building Society, Ltd.)

(Estd. 1924.)

The place for safe investment of Long Term Funds—Secured by First Class First Mortgage outstandings and Assets of the Bank—of special advantage and convenience to Government officials and employees.

Fixed Deposits for 10 years at 5½ % per annum required.

Interest payable half-yearly.

Particulars from the Secretary,

E. S. GANAPATI AIYAR, B.A., B.L.,

President.

The South India Co-operative Insurance Society, Ltd.

(Report for the Co-operative year ending 30th June, 1935.)

DIRECTORS' REPORT.

Membership and Share Capital:—The Society has 2,226 members,—2190 individuals holding 7,664 shares, and 36 institutions holding 37,000 shares. The total paid up share capital of the society is Rs. 44,664. The value of each share is rupee one, fully paid up.

New Business:—During the year under report, the Society received 1439 proposals aggregating to a sum of Rs. 11,77,100 as against 1,072 proposals amounting to Rs. 8,96,950 for assurance in the previous year. Out of these and other proposals pending at the beginning of the year, 1,067 proposals assuring a sum of Rs. 8,62,350 resulted in policies. Of the rest, 137 proposals amounting to Rs. 1,03,650 have since resulted in policies in the current co-operative year. Out of the remaining, some were declined or accepted on terms which were not agreed to by the proponents or were awaiting completion. The total paid up business in the books of the Society as on 30-6-1935 amounted to Rs. 21,62,700, in 2,520 policies. It will be found from the following comparative statement that the progress of the Society continues to be satisfactory and encouraging.

Year	Proposals received		Policies issued	
	No.	Amount.	No.	Amount.
1932—33 (15 months) ...	909	8,74,100	637	6,33,500
1933—34 .	1,072	8,96,950	816	6,66,850
1934—35 ..	1,439	11,77,100	1,067	8,62,350

Income and Life Fund:—The premium income for the period under report was Rs. 83,946-11-0 and the total income from all sources amounted to Rs. 87,124-4-6. Life fund at the end of the period stood at Rs. 41,879-7-11, three and a half times greater than that at the end of the preceding year.

Investments:—The funds of the Society have been invested in Government Promissory Notes, Post Office Cash Certificates, Debentures of the Co-operative Central Land Mortgage Bank and in Fixed Deposit in approved Co-operative Institutions. It is gratifying to note that the investment on G. P. Notes has considerably appreciated in value and according to the market rates as on 30-6-'35 the appreciation amounts to

Rs. 11,266-3-6. Another significant feature in the statement of accounts for the year under report is that after setting apart from the premium income the life assurance fund as per the provisions contained in the bye-laws and meeting all liabilities, a surplus of Rs. 3,104-9-4 is left over to be carried to the working fund, as against Rs. 979-6-0 in the preceding year.

Claims :—Seven claims to the extent of Rs. 5,500 have arisen during the year by the death of policy-holders, out of which three claims for Rs. 2,500 were settled and the remaining four are pending settlement for want of production of necessary documents and particulars.

Introduction of New Plans of Assurance :—During the year new plans of assurance were introduced to meet the requirements of the policy-holders and the insuring public. These new plans of assurance are (1) Legacy Policy for children (2) Childrens' Educational Annuity (3) Pension Policy (4) Joint Life Policies under Endowment Plan (5) Annuity contract etc. It is hoped that the public will avail themselves of the new schemes of Assurance, and make them popular.

Conclusion :—The Board of Management express their grateful thanks to all those who have contributed to the progress of the Society since its inception. The management feel confident that with the continued co-operation of the policy-holders, field workers and other well-wishers, the Society shall produce better results in future.

The Mysore Journal.

BANGALORE.

Published on the 7th of each month.

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THE SOUTH INDIA CO-OPERATIVE INSURANCE SOCIETY, LTD.

Speech delivered by Mr. V. Ramadas Pantulu, President of the Society at the Third General Body Meeting held on 3-11-'35.

GENTLEMEN,

The Third Annual Administration Report of the Society for the co-operative year ended 30th June 1935, together with the connected statements, will be presently placed before you for your consideration and adoption. Last year, I drew your attention to some of the salient features of the policy and programme of this society. We have been steadily endeavouring to extend to insurance business the co-operative spirit and principles, which underlie that policy and programme.

We commenced business on 15-3-1932 and up to the end of June 1935 we have placed in our books paid up business to the extent of Rs. 21,62,700 in 2,520 policies. In attracting this business we have kept in view our goal to cater mainly to the needs of the lower middle and poorer classes by encouraging small policies and extending the benefits of life assurance to rural population. An analysis of the policies issued* between 15-3-1932 and 30-6-1935 will show that policies below Rs. 2,000 represent the bulk of our business.

As regards premium rates, I desire to draw once more pointed attention to the fact that we have fixed them at the lowest possible level, consistent with the financial stability of the society and the interests of the policy-holders themselves. But I now find from our experience that this feature of the society is not adequately appreciated by the public. A low premium is an immediate and certain bonus, the benefit of which the assured derives on each occasion he pays an instalment of his premium. But the average policy-holder does not seem to grudge to pay larger premiums in the hope that they will bring higher bonuses. I would like to impress upon the public the many advantages which policy-holders will derive by insuring with companies which are otherwise sound and whose premiums are lower. A careful investigation into the actual financial benefits received by the policy-holders who pay higher premiums in the shape of large bonus will show that such benefits are not commensurate with the rates of premium they pay. I hope our agents will work out mathematical tables, which will clearly demonstrate the financial benefits which our society confers by its lower premiums. God willing, at the very first valuation, which I hope will take place at the end of the current co-operative year, this society will be able to declare as good a bonus as companies which levy higher premiums have done.

It is gratifying to note that we have been able to work within the statutory limits of expenditure on our organisation and management,

* Classification of the Policies issued during the period 15-3-1932 to 30-6-1935 according to sums assured:--

	No.	Amount.
Policies below Rs. 500 ...	183	49,300
Policies of Rs. 500 and above but below Rs. 1000.	1,090	5,55,450
Policies of Rs. 1,000 and above but below Rs. 2,000.	1,029	10,49,950
Policies of Rs. 2,000 and above ...	218	5,08,000
Total ..	2,520	21,62,700

prescribed by our bye-laws. Our total expense ratio to total premium income works out to somewhere about 54 per cent, which is much the same as that for 1933-34. But during the year under report, we have considerably improved and extended our organisation involving relatively larger expenditure than last year, the results of which can only be seen in the current co-operative year. Moreover we have excluded our outstanding premiums from our income figure in this calculation. I therefore consider that the maintenance of the expense ratio of management at the same level as last year, notwithstanding the additional expenses on the extended organisation, is a satisfactory feature.

During the year under report, we have introduced the following new plans of assurances: (1) Children's Education Annuity; (2) Joint Life Endowment Assurance; (3) Annuity Contracts etc. Certain other schemes, such as Fidelity Guarantee Insurance, Insurance among the Industrial and rural labour and Insurance to cover risk against accidents to Industrial Workers are engaging the immediate attention of the Board.

I desire to acknowledge with gratitude the encouragement which some of the District Boards have given to the Society in pursuance of the circular issued by the Inspector of Local Boards. But there are still some District Boards who have not placed the Society on their approved list for enabling their employees to insure with us and divert their provident fund contributions towards insurance premia. I earnestly hope that they will do so in the near future.

I am glad to say that the Registrar and a few of the Departmental Officers continue to take interest in the working of the Society. But I feel that they can and ought to do a great deal more, specially because the progress made by the Society in the last 3½ years has amply justified the optimism and confidence of Mr. D. N. Strathie, I. C. S. who registered it against much expert advice and to whom the credit of envisaging the potentialities of co operative insurance must be unstintedly given. This Society is a special type of non-credit society, which is a potent instrument for the encouragement and promotion of thrift and saving among the poorer classes and as such I feel that it deserves encouragement from the public and the department in a larger measure than has been hitherto forthcoming.

In conclusion, I hope and trust that our Organisers and Agents will realise that they are working for the realisation of ideals which are very different from those of commercial insurance companies and that they are engaged in genuine co-operative service to the poor among the rural and urban people. This is a noble work behind which is not merely the stimulus of the coin, but idealism and ideology of a new socio-economic philosophy of human life—Co-operation. I therefore beg to repeat my appeal to co-operators, official and non-official to spread the gospel of co-operative insurance and to consolidate and improve the working of the Society. Our aim is not the commercial exploitation of the social needs of the mankind in the sphere of insurance, but the satisfaction of the needs of the community by co-operation, eliminating profit motive and high dividends on capital and making insurance both cheap and safe by pooling all the benefits of the concern for the exclusive advantage of its members. In this endeavour, we want all the sympathy and support we can get from co-operators and the general public.

Registrars' Administration Reports.

CO-OPERATION IN THE U. P. FOR 1933-34.

In the United Provinces in addition to the ordinary inspectors there was a staff of five special inspectors, of whom one was in charge of adult education in the Masodha area in Fyzabad District, one in charge of subsidiary industries in Sitapur District, one in charge of the textile societies, one in charge of leather societies, (tanning) in certain areas and the fifth was a lady-inspector, who supervised women societies. Two other posts of this cadre, though sanctioned, were not filled up, one for agricultural propaganda and another for consolidation of holdings.

There were five lady-supervisors of whom two were being paid by the U. P. Co-operative Union and three from the Rural Improvement Fund. The Registrar's report says that it is very difficult to get suitable women supervisors, that the existing ones are insufficiently educated and that but little progress can be recorded under this head.

The state of credit societies, rural and urban, is not very different from that in other provinces. Overdues are mounting high, but the Registrar points out, however, that the resources available are sufficient to meet all possible losses. The urban credit movement appears to be decidedly weak in the United Provinces. There were in all only 73 non-agricultural limited liability societies, whereas in Madras there were more than a thousand. The United Provinces contain many cities and big towns, and the scope for development appears to be quite large. Obviously more propaganda is necessary.

One of the most interesting developments during the year under review was the increase of cane supply societies from 26 to 111. "The new societies are centred round the Co-operative Sugar Factory of Biswan. The organisation is the usual one of one village one society. The society makes advances to the growers and sells them improved seed on the security of their crops and acts as the agent for its sale to the factory. No commission is charged from the growers but instalments of the shares are taken by collecting one seer extra per maund of cane purchased. The market price is paid, and arrangements are made through a paid staff for fixing the dates of supply and for organizing delivery to the factory. The staff consists of a supervisor for every 25 societies on an average and its cost is met from the commission of one pie per maund which is payable by the factory." The organisation of these societies is due to the remarkable development of the sugar industry during the last three years. A society on these lines has been started in our province in Hospet, and there would appear to be room for many more. It is said

that supplying cane to a factory is more profitable than making jaggery, and therefore it is only with the surplus cane that jaggery is made.

Another interesting kind of society peculiar to the United Provinces the ghee supply society. The number of such societies during the year under review was 30, the total membership 703 and the profits realised Rs. 7,000. It is said that the ghee supplied by these societies has now an established reputation and fetches a good price. There were nine small poultry societies including a union at Etah. But they do not seem to be prospering. "The turnover is too small for the societies to be run on proper business lines—the main problem here as with most sale societies is that of marketing." Instruction in poultry keeping is provided in the United Provinces upto a higher standard than anywhere else in India, and it is therefore particularly disappointing to read that the poultry societies are not faring well.

Perhaps the most interesting type of society to be found in the Provinces is the better living society. Better living societies began to be organised only six years ago and at the end of 33-34 there were 481 of them, with a membership of 12,200. These societies tackle the problem of village welfare from as many sides as possible. Generally in each village with this type of society there is a panchayat with subordinate committees for agriculture, sanitation, adult education, physical culture, arbitration and community singing. For 2 or 3 adjacent societies an assistant village guide is appointed on a salary of Rs. 7 per month and for 20 to 25 societies there is a supervisor. At the end of 33-34 these societies maintained 225 adult schools, some of which were intended for women. Economies are reported in 4,226 ceremonies. Fines amounting to Rs. 161 were inflicted in 43 cases of undue expenditure on ceremonies.

Improved varieties of sugar cane and wheat are in general use among members of societies and a large number of improved ploughs and other implements are also in use. "Five hundered and seven new masonry wells were constructed and 803 wells bored. Two hundred and fifty six improved irrigation appliances were introduced. The number of irrigation societies rose from 20 to 27. The Moradabad societies jointly constructed 14 wells, and the central society at Ittarchandi which has four primary societies for constructing *bandhs*, for realising irrigation charges and for keeping the main channels in order, achieved a considerable measure of success."

The report speaks with regret that while the old band of voluntary workers still continues to give devoted service, new recruits are not forthcoming. It is a great pity. "There must be a large volume of unmobilized patriotism in the country and all that should be wanted is earnest propaganda—in cities, villages, colleges and schools to organise it and bring it within the co-operative fold."

It is needed everywhere, and the Registrar and the recognised non-official leaders will do well to set about this propaganda.

CO-OPERATION IN THE COCHIN STATE FOR 1933-34.

During the year 1933-34, the number of co-operative societies in Cochin State increased from 256 to 257 and the working capital from Rs. 24.2 lakhs to Rs. 25.6 lakhs, but the total transactions decreased from Rs. 85.77 lakhs to Rs. 70.94 lakhs. This was due to the stoppage of book adjustments, which seems to have been allowed to a very great extent previously. Though the total transactions fell considerably the net profits of the societies increased from Rs. 57,044 to Rs. 62,924. The explanation for this curious phenomenon is that on account of the stoppage of book adjustments, overdues and penal interest leviable on them increased and brought in increased profits! Of the 257 societies 132 were agricultural credit societies and 92 non- agricultural credit societies and of the latter 43 were those of depressed classes and 10 of fishermen. The depressed classes societies appear to have but a nominal existence. They had 1,725 members but their total transactions during the year amounted only to Rs. 6,142.

This is the last report of Mr. R. A. Gayatrinatha Aiyar who was for many years the Registrar of Co-operative Societies in Cochin. He feels very disappointed that with such a highly educated population, Cochin has not made the advance in co-operation that it was expected to make. He observes, "Co-operation cannot succeed so long as the sole responsibility is thrown on Government. It is the peoples' concern and the people for whom it is intended seem to look upon it as a Government concern. So long as the people do not take it as theirs and utilise its immense possibilities there will be no success."

Review.

Co-operative Balance Sheets, a Self-Instructor.

By Kastury Audinarayana, Non-credit Senior Inspector of Co-operative Societies, Rajahmundry. **Price Rs. 2.** Available with the Author.

The book deals mainly with the preparation of accounts under the Co-operative Societies Act, which may be said to be quite different from the procedure adopted in Joint Stock Companies following the Double Entry System of Book-keeping. The various expressions and the nomenclature used in the book refer only to Co-operative Institutions as the Urban Societies, Central Banks, etc. The author, being an experienced teacher, has used throughout a lucid style so as to enable even an average student to understand the subject for his examination. The book will be a very useful guide to the student of co-operation as also to the Audit Inspectors, who have to conduct the audits of several Co-operative Societies and banks.

C. S. Sastri.

News and Notes.

Explaining the objects of 'Debt Conciliation in the Madras Presidency' in November last at the Madras Economic Association, Diwan Bahadur T. A. Ramalingam Chettiar observed that there was a hopeful change between the time when he first introduced the Bill into the local Legislative Council and now, for the Government themselves were prepared to give financial assistance to debtors whose debts could be scaled down to Rs. 2,000.

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There is a certain amount of dissatisfaction in the Nizam's Dominions that the co-operative movement is not working properly, particularly in the rural areas. The Government have therefore decided to appoint a Committee consisting of seven leading co-operators of India and Mr. M.S. Fazlulla, Registrar of Co-operative Societies, Hyderabad, to enquire and report on the working of the movement and make any recommendations which they think necessary.

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A society by name 'The Krishna Crop Loan and Sale Society' has been started with its office at the Krishna Co-operative Bank, Masulipatam. It was registered three months ago. Its membership is open to individuals as well as co-operative societies. The value of a share is Rs. 10 and the entrance fee per share is As. 4. Loans are given on the pledge of produce stocked in approved godowns and without demanding sureties or the security of lands. The amount of the loan will depend on the value of the produce pledged. It is not necessary for the borrower to possess more than one share. The area of operations of the society is confined to the taluks of Gudivada, Kaikalur, Masulipatam and Divi.

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The Madras & Southern Mahratta Railway Employees' Urban Bank, Madras, is the biggest urban bank in the whole of the presidency. It had completed its twenty-ninth year and had 17,730 members with a paid-up share capital of Rs. 7,69,210 on the last day of the last co-operative year. During the year under report the Bank issued short-term loans amounting to Rs. 1,57,300 and long-term loans to the extent of Rs. 30,92,200. Rs. 1,62,034-3-0 under short-term and Rs. 26,47,824-2-0 under long-term were received towards repayment. The percentage of balance to demand under principal was ·4 per cent and that of interest was also the same. The working capital of the Bank exceeded Rs. 31 lakhs. The Bank made a net profit of Rs. 1,30,056-10-0.

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During the year 1934 there was a phenominal increase in China in the number of co-operative societies and their membership. The number of societies increased by about 9,000 to 14,649 and their membership by

about 370,000 to 557,521. The development of the societies is much greater in some provinces than in others as is to be expected from the unsettled political conditions prevailing in the country Credit societies predominate as in India, forming 67 per cent of the total number. Production and marketing societies formed 8·6 and 7·2 per cent respectively —better in this respect than our country is.

* * *

The Madras Handloom Weavers' Provincial Co-operative Society's Supervisor of Production Societies paid a visit to Aruppukottai and made investigations regarding the condition of weaving industry in that area. Speaking at the Labour Association he explained in detail the aims and objects of the Provincial Society and how the Government of India intend to assist the handloom weaving industry which was in a very lamentable state. It was only through co-operative institutions the handloom industry could be restored to its ancient glory. A number of prominent members among weavers also spoke on the occasion. Mr. V. Sitarama Servai, who presided on the occasion, in his concluding remarks appealed to the weavers of Aruppukottai to organise and avail themselves of the opportunity offered by the Government to the weaving industry.

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The South Arcot Co-operative Central Bank, Cuddalore, on the 30th June 1935 had 714 members with a paid-up share capital of Rs. 3,18,728. Compared with 1933-34 there was a slight fall in both membership and share capital. It issued loans during the year amounting to Rs. 1,22,952 both to individuals and societies and recovered in all Rs. 2,22,619 towards repayment of loans. The percentage of balance to demand worked out at 84·9 under principal and 33·6 under interest. Such a large percentage of balance could only be traceable to the economic depression. The Bank during the year under review granted various concessions to the societies such as reducing the lending rate etc., to give relief to the borrowers. As the condition of the ryots is not improved as yet, it is proposed to extend the same concession to the current co-operative year also. During the year the scheme of forming only one union for each of the eight taluks in the district was completed. The scheme of rectification formulated by the Registrar in 1933-34 was introduced all over the district and loans amounting to Rs. 6,60,295-5-0 were examined under the direct supervision of the Executive Officer. The Bank earned a net profit of Rs. 18,000 in spite of the reduction in lending rate and special concessions given to societies.

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The Salem District Urban Bank issued loans to the extent of Rs. 11,22,411 during the year 1934-35 and recovered Rs. 10,42,148. The percentage of balance to demand worked out to 40·4 under principal and 5·6 under interest. The Bank had heavy surpluses at the beginning of the year and on the advice of the Registrar the Bank stopped both

taking in fresh deposits and renewing existing deposits, with the result that the surpluses vanished even before the close of the first half-year. As a result of its reducing its lending rate in January 1935, there was an increase in demand for fresh loans from the societies. Then the Bank, after taking the permission of the Registrar, recommenced to take deposits to meet the demand of the societies. But due to its previous action it was not able to attract from the public large amounts as they had already found fresh avenues. Therefore the only course open to the Bank was to take loans from the Madras Provincial Co-operative Bank. Of all the unions in the district Rasipuram Union showed the best results in the matter of collection and retained the cup which it won last year. The Rural Reconstruction work which the Bank was carrying on at Komaragoundanvalasai was not satisfactory as sufficient provision was not made for it out of the Bank's Common Good Fund. The Bank celebrated its Silver Jubilee during the year under review. The Bank made a net profit of Rs. 25,479-2-0 excluding the amount carried to Bad Debts Reserve.

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The Directors of the Krishna Co-operative Bank, Masulipatam, report that during the year 1934-35 the collections were better than in the previous year with the result that the proportion of overdues was reduced under principal from 65.5 to 61.1 and under interest from 22.3 to 9.5. As per the Joint Registrar's scheme, the staff of the Bank examined the loans of 86 societies. The amount of bad debts in these societies is estimated at not more than Rs. 28,643 out of Rs. 3,54,870. The societies of Vadapalli group were placed under the management of an employee of the Bank, as considerable loss to the Bank was feared from these societies. This step has happily resulted in the collection without much difficulty of certain amounts which had been considered as bad debts. The report speaks with satisfaction about the work of its administrative section, which it intends to strengthen, especially as the District Federation has been abolished and its duties have devolved on the Bank. It proposes also to convert its present "Co operative Sheet" into a regular journal so that it may be serve better the purpose of co-operative education. The Bank has so far brought out 8 books and pamphlets in Telugu to help in co-operative education. After carrying Rs. 35,666-12 0 to the bad debts reserve (and thus bringing it up to Rs. 65,000) the Registrar has declared the net profit of the Bank to be Rs. 18,412-2-0, out of which the Directors propose to declare a dividend of 5 per cent as against 4 per cent of last year. In view of the contraction in its transactions the Bank requested the Registrar to permit it to reduce its share capital. But as he did not do so the Bank appealed to Government and submitted a memorandum to the Minister. He was pleased to permit the proposed reduction not at once but gradually in the course of three or four years, for which the Bank was asked to prepare a scheme. The Bank did so

and as the first step in the process the share capital of 5 societies was reduced by Rs. 10,224 with the approval of the Registrar.

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The first conference of the Young Co-operators' League was held on the 7th October last at the Y. M. C. A. Buildings, Esplanade, Madras, under the presidentship of Mr. S. Anantaraghavan, M. A., B. L., one of the Secretaries of the League. The Conference was opened by Mr. V. Ramadas Pantulu who gave expression to robust optimism regarding the future of the co-operative movement and exhorted the youth to acquaint themselves with the aims, principles and methods of co-operation, so that they may qualify themselves to occupy positions of trust and responsibility in co-operative service in course of time. Mr. V. T. Arasu, M. L. C., who was the Chairman of the Reception Committee regretted that the co-operative movement in India was practically confined to the provision of credit, and that Madras was behind other provinces in the matter of non-credit co-operation and made the curious complaint that some half a dozen gentlemen had kept all positions of trust and honour in their hands refusing opportunities to young men to gain experience and serve the movement. Srimati Kalyanasundari Sitaram, B. A., who was the Chairwoman of the Women's section also welcomed the delegates and urged the girls studying in schools and colleges to get trained in their school and college stores and also to start co-operative messes for their own convenience. She pleaded also for the starting of co-operative kitchens for the convenience of the middle class and other families. Mr. Anantaraghavan suggested in his speech as measure for relief of unemployment for educated youngmen the starting of co-operative laundries, restaurants and dairies. He appealed also to the women delegates to take a due share in the movement as the women of the West were doing.

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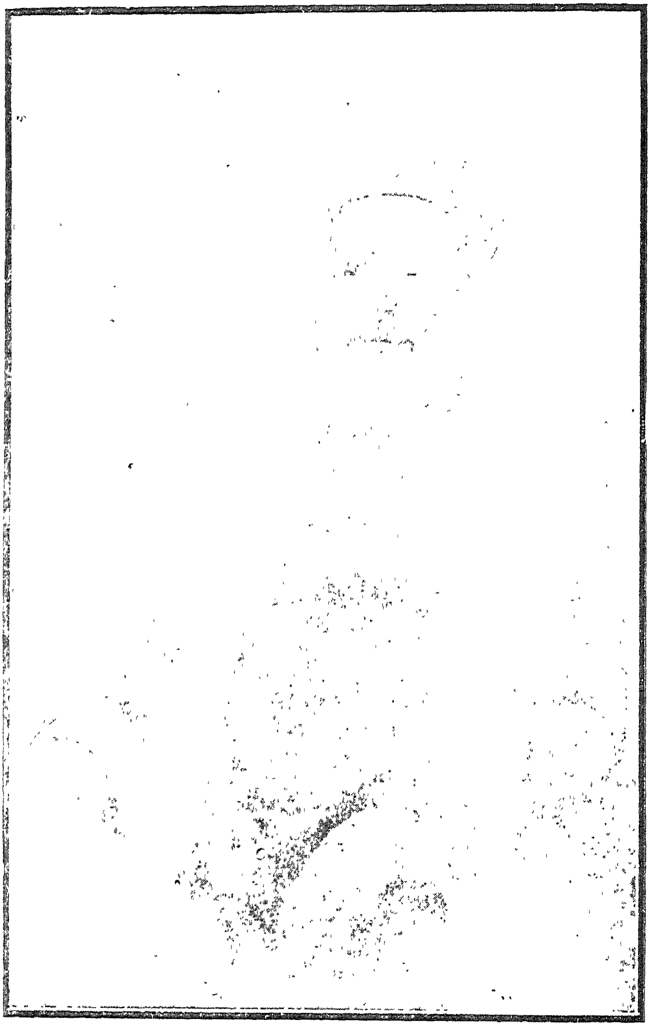
Hangya, the co-operative organisation of Hungary which looks after the needs of rural areas, has established a model co-operative district, consisting of 12 communes, the progress of which is being watched with the utmost interest by Hungarian co-operators as well as national economists. "In the centre of this district, at Bekescaba, is a district manager, in whose hands are concentrated all activities for the furtherance of co-operation amongst the population. The district manager procures for the *Hangya* Co-operative Societies of the 12 villages, first of all, the necessary goods for consumption as well as those required by the farmers for production. At the same time he directs the collection for the market of the surplus supplies of the 12 co-operative societies, under the guidance and instruction of the appropriate department of the *Hangya.* These goods include eggs, poultry, down, cereals, vegetables, cattle, pigs, honey, fruit, wine, medicinal plants, etc. Special attention is devoted to the marketing, also through the *Hangya*, of the products of the various handicrafts carried on in the villages. The adjustment of agricultural production in conformity with the demand is effected through the collaboration of the experts of the respective Chambers of Agriculture. In the centre of the model district a Co-operative House will be erected, providing accommodation for the *Hangya* Co-operative Store, a Co-operative Inn, the local credit association, the chief agency of the Farmers' Insurance Society, as well as the agency to the latest institution established by the *Hangya*, *i.e.* the Provident Society, which provides burial, marriage, and relief allowances for its members."

List of Societies Registered during October last.

S. No.	Name.	District.
1.	Marlapudi Co-op. Credit Society ...	Nellore.
2.	Government Madrasa-i-Azam Students Co-op. Stores.	Madras.
3.	Anantapur Co-op. Crop Loan and Sale Society ...	Anantapur.
4.	Rayachoty Government Training School Co-op. Society.	Cuddapah.
5.	The Alamuru Co-op. Better Living Society ...	E. Godavari.
6.	Kirlampudi Sugarcane Growers' Co-op. Society ...	"
7.	The Katheru Weavers' Co-op. Purchase and Sale Society.	"
8.	The Kurnool Handloom Carpet Weavers' Purchase, and Sale Society.	Kurnool.
9.	The Guruvarajapettai Weavers' Co-op. Purchase and Sale Society.	North Arcot.
10.	The Minnal Panchamuga Vinayagar Weavers' Co-op. Purchase and Sale Society.	"
11.	The Wandiwash Taluq Co-op. Land Mortgage Bank.	"

List of Societies whose Registration has been cancelled in October last.

	Name of the Society.	District.	Date of Cancellation.
1.	S. D. Krishna Khadder Co-op. Stores, Ltd.	Tinnevelly ...	1-10-35.
2.	Trichinopoly Muhammadan Fishermen Co-op. Society.	Trichinopoly ..	1-10-35.
3.	Tirupati O. E. L. M. Co-op. Society, Ltd.	Chittoor ..	2-10-35.
4.	Central Co-op. Printing Works, Ltd.	Madras City ..	2-10-35.
5.	Mannur Co-op. Society ...	Chingleput ..	3-10-35.
6.	Paramanatham Co-op. Society ...	South Arcot ...	3-10-35.
7.	Madavanthangal Co-op. Society ...	Chingleput ..	3-10-35.
8.	Pakkam Co-op. Society ...	" ..	3-10-35.
9.	Conjeevaram C. S. M. School Students' Co-op. Stores, Ltd.	" ..	4-10-35.
10.	Mayanur Co-op. Society ...	Trichinopoly	4-10-35.
11.	Vilandai Co-op. Society ...	" ..	4-10-35.
12.	The Coimbatore Co-op. Training Society, Ltd.	Coimbatore ..	5-10-35.
13.	Harpanahalli Local Board Employees' Co-op. Society, Ltd.	Bellary ..	5-10-35.



The Late Mr. G. K. DEVADHAR, M. A., C. . E

14.	Kalisipudi Co-op. Society ...	West Godavari.	5-10-35
15.	Varadarajapuram Co-op. Society ...	Tinnevelly ...	5-10-35.
16.	Kuvathur Co-op. Society ...	Chingleput ...	7-10-35.
17.	Thazacode Co-op. Society ...	Malabar ...	8-10-35.
18.	Adoni Local Fund Employees' Co-op. Society, Ltd.	Bellary ...	8-10-35.
19.	Kailasapuram Co-op. Society, Ltd. ...	Tinnevelly ...	8 10-35.
20.	Alur Government Servants' Co-op. Society, Ltd.	Bellary ...	9-10-35.
21.	Kadappakam Co-op. Society ...	Chingleput ...	10-10-35.
22.	Ariyur A. D. Co-op. Society ...	North Arcot ...	10-10-35.
23.	Udamalai Kallpalayam Co-op. Society.	Coimbatore ...	11-10-35.
24.	Tanippundi Co-op. Society ...	Chingleput ...	11-10-35.
25.	Sydapuram Soap Stone Quary Workers' Co-op. Society, Ltd.	Nellore ...	13-10-35.
26.	Chilamathur Co-op. Society, Ltd. ...	" ...	15-10-35.
27.	Sri Ramankulam Co-op. Society ...	Tinnevelly ...	16-10-35.
28.	Madras Tailors' Co-op. Society, Ltd....	Madras City ...	16-10-35.
29.	Kenthola Co-op. Society ...	Nilgiris ...	17-10-35.
30.	Kavali Co-op. Cotton Stores, Ltd. ...	Nellore ...	17-10-35.
31.	Cheruvannur Co-op. Society ...	Malabar ...	22-10-35.
32.	Annapurna Co-op. Building Society ...	Tanjore ...	23-10-35.
33.	The Erode Co-op. Stores, Ltd. ...	Coimbatore ...	28-10-35.
34.	Kudligi Local Co-op. Union ...	Bellary ...	28-10-35.
35.	Navaladi Co-op. Society ...	Tinnevelly ...	29-10-35.
36.	Kambliampatti Co-op. Purchase and Sale Society, Ltd.	Coimbatore ...	29-10-35.
37.	Silavatham Co-op. Society, Ltd. ...	Chingleput ...	29-10-35.
38.	Naranapuram Co-op. Society ...	Tinnevelly ...	31-10-35.

Registrar's Circular.

The Registrar has issued instructions (Memorandum S. No. 5260/35 dated 1st November 35—subject: Relief to borrowers—reduced rate of interest and abolition of penal interest) to all Deputy Registrars and Sub-Deputy Registrars to get as early as possible the by-laws of all credit societies amended so as to do away with penal interest and also to reduce the rate of interest to $7\frac{1}{2}$ per cent. The deletion of penal provisions is suggested in the by-laws corresponding to 47, 50, 51 and 52 of the model by-laws and the following transitory by-law is recommended for adoption:—

"Notwithstanding anything contained in by-laws Nos. 43, 47, 50, 51 and 52, the interest on all outstanding loans, whether such loans have or have not fallen due or been decreed shall be *charged* at $7\frac{1}{2}$ per cent. per annum from the date of last payment of interest till 30-6-36. (i. e. the interest shall be *calculated* at $7\frac{1}{2}$ per cent. from the date up to which interest was fully paid, till 30-6-36)."